

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

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FOR FISCAL YEAR ENDED JUNE 30, 2015  
VIRGINIA BEACH, VIRGINIA



**VB** *City of* Virginia Beach



**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF VIRGINIA BEACH, VIRGINIA**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

**PREPARED BY  
DEPARTMENT OF FINANCE  
PATRICIA A. PHILLIPS  
DIRECTOR**

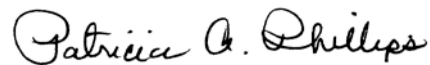
## Acknowledgments...

The preparation of this report has been accomplished by the efficient and dedicated services of the staff of the Department of Finance who have been assisted by the independent auditors, Cherry Bekaert LLP. The contributions of all are invaluable and sincerely appreciated and clearly reflect the high standards which have been set by the City of Virginia Beach.

Management -	Donald Barnett, Miryam Woodson, Aaron McCoy
CAFR Team -	Patricia Kephart, Kevin Kielbasa, Jumel Nicholas, Ronald Snellings, Tinashe Chigede, Trish Donahue, Nancy Leavitt, Patricia Porter
Technical Assistance -	Marc Davis, Sean Murphy
Staff Support -	Penny Williams, Loretta Brown, Bonnie Castellow
Photographs -	Craig D. McClure

It is also appropriate to thank the City Manager, Mayor and Members of City Council for making possible the excellent financial position of the City through their interest and support in planning and conducting the financial affairs of the City.

Sincerely,

A handwritten signature in cursive script that reads "Patricia A. Phillips".

Patricia A. Phillips, Director  
Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015**

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# **INTRODUCTORY SECTION**

# CITY OF VIRGINIA BEACH, VIRGINIA

## CITY COUNCIL

William D. Sessoms, Jr., Mayor ..... At-Large  
Louis R. Jones, Vice Mayor ..... Bayside District  
Amelia N. Ross-Hammond ..... Kempsville District  
Robert M. Dyer ..... Centerville District  
Shannon D. S. Kane ..... Rose Hall District  
James L. Wood ..... Lynnhaven District  
John E. Uhrin ..... Beach District  
Barbara M. Henley ..... Princess Anne District  
John D. Moss ..... At-Large  
Rosemary Wilson ..... At-Large  
Benjamin Davenport ..... At-Large

## SCHOOL BOARD

Daniel D. Edwards, Chairman ..... District 2 – Kempsville  
Beverly M. Anderson, Vice Chairman ..... At-Large  
Leonard C. Tengco ..... District 1 – Centerville  
Joel A. McDonald ..... District 3 – Rose Hall  
Carolyn D. Weems ..... District 4 – Bayside  
Carolyn T. Rye ..... District 5 – Lynnhaven  
Sharon R. Felton ..... District 6 – Beach  
Kimberly A. Melnyk ..... District 7 – Princes Anne  
Dorothy M. Holtz ..... At-Large  
Ashley K. McLeod ..... At-Large  
Elizabeth E. Taylor ..... At-Large

## CONSTITUTIONAL OFFICERS

John T. Atkinson ..... City Treasurer  
Colin Stolle ..... Commonwealth's Attorney  
Philip J. Kellam ..... Commissioner of the Revenue  
Kenneth Stolle ..... Sheriff  
Tina E. Sinnen ..... Clerk of Circuit Court

## VIRGINIA BEACH DEVELOPMENT AUTHORITY

Dorothy L. Wood ..... Chair  
Robert L. Nicholson ..... Vice Chair  
Shewling Moy ..... Secretary  
Michael H. Levinson ..... Assistant Secretary  
Bryan D. Cuffee ..... Treasurer  
Linwood O. Branch ..... Commissioner  
Peter K. Mueller ..... Commissioner  
Charles M. Salle ..... Commissioner  
Joseph E. Strange ..... Commissioner  
Stephen J. McNulty ..... Commissioner

## APPOINTED OFFICERS

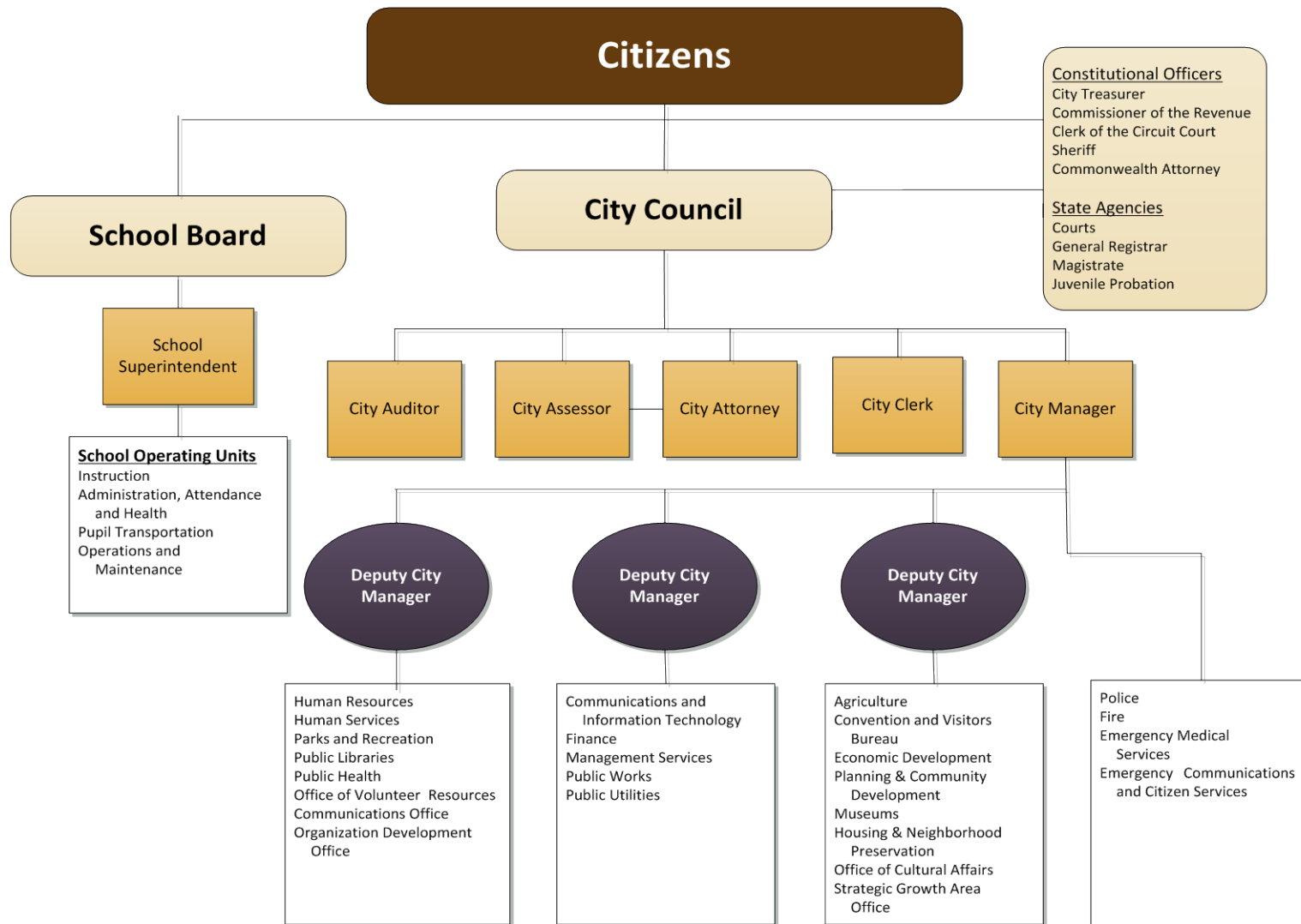
James K. Spore ..... City Manager  
Mark D. Stiles ..... City Attorney  
Ruth Hodges Fraser ..... City Clerk  
Jerald Banagan ..... Real Estate Assessor  
Lyndon S. Remias ..... City Auditor

## CITY LEADERS

Cindy A. Curtis ..... Deputy City Manager  
David L. Hansen ..... Deputy City Manager  
Doug L. Smith ..... Deputy City Manager

## VIRGINIA BEACH COMMUNITY DEVELOPMENT CORPORATION

Addie W. Thomason ..... President and CEO  
Jessica Guglielmo ..... Vice President and COO  
Casey Golliher ..... Vice President and CFO  
Sharon Shoff ..... Vice President  
Christopher Beale ..... Chair  
James Banks ..... Director  
Jill Eyler ..... Director  
Richard Biemiller ..... Director  
Wanda Cooper ..... Director  
Terron Rogers ..... Director  
Mark Johnson ..... Director  
Alex Kalasinsky ..... Director  
Anthony Nero ..... Director  
Peter Reuss ..... Director  
Robert Williams, Jr. .... Director







DEPARTMENT OF FINANCE  
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# City of Virginia Beach

[VBgov.com](http://VBgov.com)

BUILDING 1  
2401 COURTHOUSE DRIVE  
VIRGINIA BEACH, VA 23456-9009

**November 19, 2015**

The Honorable William D. Sessoms, Jr., Mayor  
Members of the Virginia Beach City Council  
Municipal Center  
Virginia Beach, Virginia 23456

Dear Mayor and Council Members:

The Comprehensive Annual Financial Report of the City of Virginia Beach, Virginia, for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported to present fairly the financial position of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The City of Virginia Beach's MD&A can be found immediately following the report of the independent auditors.

## **THE REPORTING ENTITY AND ITS SERVICES**

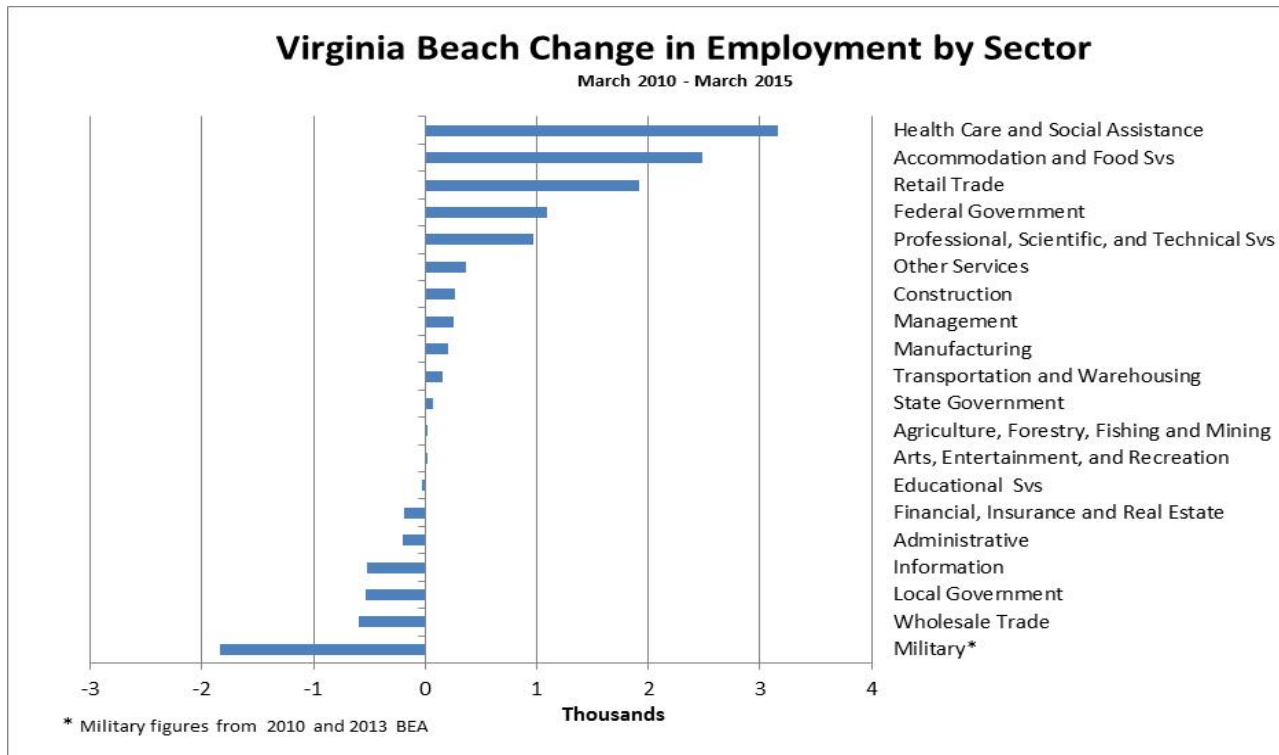
The present City of Virginia Beach was formed on January 1, 1963, by the merger of Princess Anne County and the former, smaller, resort community known as the Town of Virginia Beach. This merger created one of the largest cities in the Commonwealth of Virginia with an area of 310 square miles and 38 miles of shoreline on the Atlantic Ocean and the Chesapeake Bay. The latest estimated population for the City of Virginia Beach is 451,672.

The City of Virginia Beach derives its governing authority from a charter granted by the General Assembly of the Commonwealth of Virginia. The governing body of the City is the City Council, which formulates policies for the administration of the City. The charter provides for a Council-Manager form of government.

In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government (the City of Virginia Beach) as well as its component units, which are legally separate organizations for which the City Council is financially accountable. The component units qualifying for inclusion in this report are the Virginia Beach City Public Schools and the Virginia Beach Community Development Corporation, which are discretely presented, and the Virginia Beach Development Authority (VBDA), a blended component unit. Financial accountability for these component units was determined on the basis of City Council's selection of governing authority, designation of management, ability to influence operations, and/or accountability for fiscal matters. The discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The Virginia Beach Development Authority is a blended component unit, and although legally separate, it is considered a part of the City's operations, and therefore data from this entity is combined with financial information from the City. The City has responsibility through support agreements for debt payments on outstanding Public Facility Revenue Bonds that are on the VBDA's financial records.

The City provides a full range of general governmental services for its citizens. These services include police, emergency medical response, fire protection, collection and disposal of refuse, water, storm water and sewer services, parks and recreation facilities, museums, libraries, and maintenance of streets and highways. Other services provided include public education in grades kindergarten through 12, public health and social services, certain technical and special education services, mental health assistance, agricultural services, housing services, correctional facilities and judicial activities.

Cities in Virginia have sole jurisdiction over the entire area within their boundaries and operate independently of any county government. There are no overlapping jurisdictions and, consequently, citizens of Virginia cities are not subject to overlapping debt or taxation.



## ECONOMIC CONDITIONS AND OUTLOOK

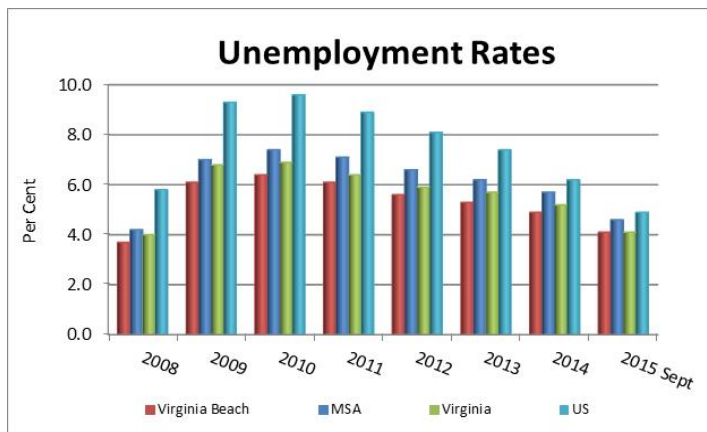
Positive economic trends continue to be found in all areas of Virginia Beach's economy. There are positive trends in the areas of job growth, employment, tourism, real estate assessments, port activity, and decreasing unemployment. In rare good news in the area of defense spending, Congress passed the Bipartisan Budget Act of 2015, which lifts the sequestration caps on defense spending by \$40 billion over the next two fiscal years.

The largest civilian **employment sectors** in Virginia Beach are Retail Trade, Health Care, Accommodation and Food Services, Local Government, and Military. (Source: Virginia Employment Commission)

The **average employment** in the first quarter of 2015 was 187,400 compared to 180,318 in the first quarter of 2010, an increase of 7,082 jobs over this 5-year period. Employment increased most in the Health Care, Accommodations, and Retail Trade sectors. The Military sector decreased the most over this time period, followed by the Wholesale Trade, Local Government, and Information sectors. (Source: Virginia Employment Commission and BEA)

There were 18,474 **active-duty military** jobs reported by the Bureau of Economic Analysis in 2013, down 1,837 from 2010. Defense cuts due to sequestration, military downsizing, and changing military tactics away from conventional forces could further decrease the number of active-duty personnel in Virginia Beach and the region. (Source: Bureau of Economic Analysis)





The average number of Virginia Beach residents employed in 2014 was 220,342 out of a labor force of 231,784. The average employment from January through September 2015 was 220,248, which is just slightly lower than in 2014, but surpassing the pre-recession high of 217,518 that occurred in 2007. (Source: Virginia Employment Commission and BLS)

In September 2015, the **unemployment rate** was 4.1% for

Virginia Beach, 4.6% for the MSA, 4.1% for the state and 4.9% for the U.S. These rates are all lower than they were the previous month and the previous year. There has been a steady decline in the unemployment rate in Virginia Beach since 2010. (Source: VEC & BLS)

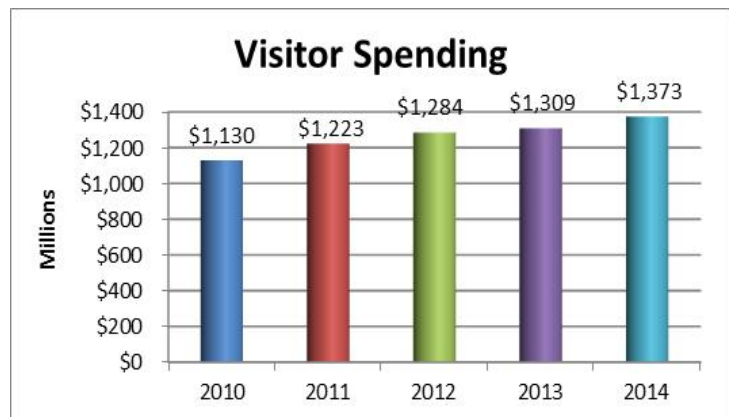
The **per capita income** for Virginia Beach was \$50,662 in 2013, which is greater than that for the state at \$48,838 and the nation at \$44,765. The per capita income for Virginia Beach has increased an average of 3.1% per year since 2010. (Source: BEA)

The Virginia Beach **median household income** in 2014 was \$68,816. It has increased an average of 1.75% per year since 2010. (Source: US Census Bureau)

**Defense spending, tourism, and the ports** are stabilizers of the Hampton Roads and Virginia Beach economies. Department of Defense direct spending in Hampton Roads in 2015 is projected to be \$18.7 billion, down from \$18.8 billion in 2014 and from peak spending of \$19.32 billion in 2012. (Sources: 2015 State of the Region Report, Old Dominion University)

Overall, the recent trend for defense spending in Hampton Roads is declining, though this will be offset somewhat by the passage of the Bipartisan Budget Control Act of 2015, which increases defense spending by \$40 billion above the sequestration caps over the next two years.

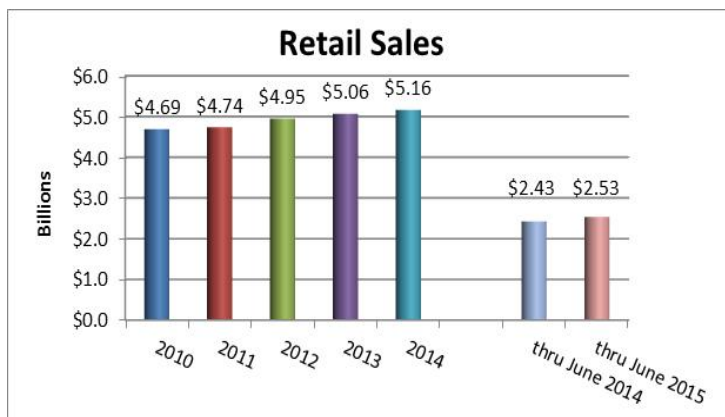
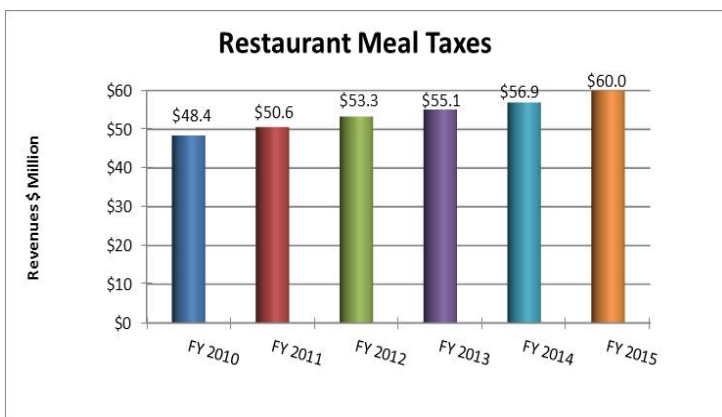
The **Tourism and Convention Industry** is a stabilizer of the Virginia Beach economy. In 2014, direct visitor spending reached a record high of \$1.37 billion despite the slow recovery from the recession. Spending has increased each year of the last five years. Tourism and the convention industry supported 12,568 jobs in 2014. (U.S. Travel Association)



**Hotel** tax revenue collected in FY-15 was \$27.9 million, surpassing the \$26.6 million collected in FY-14 and setting another all-time record high. The robust hotel taxes are indicative of the strength of the tourism industry in Virginia Beach. The hotel tax rate was 8.0% plus the \$1.00/room night charge throughout this period. (Source: Dept. of Finance)



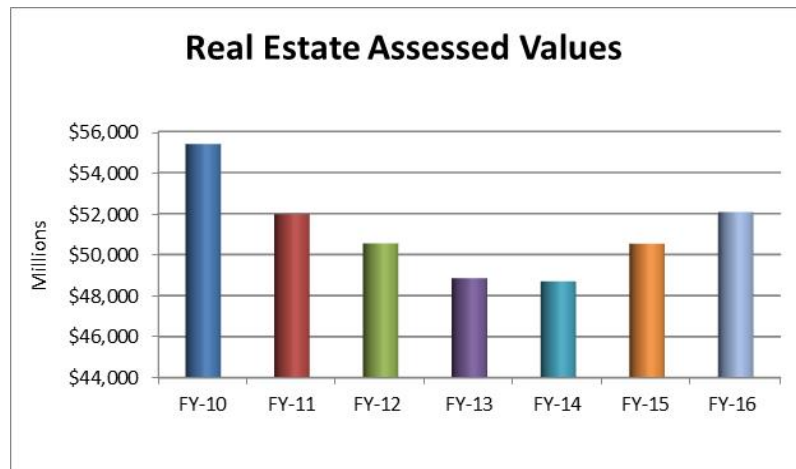
**Restaurant** meal tax revenue collected in FY-15 was \$60.0 million, an increase of 5.4% over FY-14. Restaurant tax collections also set another all-time record high. The restaurant tax was 5.5% throughout this period. (Source: Dept. of Finance)



**Retail sales** in Virginia Beach rose 1.9% in 2014 to \$5.16 billion, slower than the 2.4% increase in 2013. Sales in the first six months of 2015 were up 4.5%, signaling that the pace of growth is picking up in 2015. (Source: Virginia Dept. of Taxation)

The **Port of Virginia** is another important segment of the Hampton Roads economy. The number of 20-foot equivalent unit containers (TEU) shipped through the Port in 2014 increased from 2.22 million to 2.39 million, a 7.6% increase. Year-to-date through September, the number of containers shipped has increased 8.8% over the same period last year. The Port of Virginia is the third largest container port on the east coast. Due to its ability to host the huge super ships, it is well positioned to increase market share, which will help to diversify the regional economy. Port activities create jobs directly at the Port or indirectly in industries that supply the Port or serve its employees. (Source: Port of Virginia, 2015 State of the Region Report, Old Dominion University)

Virginia Beach **real estate assessments** increased 3.0% in FY-16, following a 3.8% increase in FY-15, indicating an end to the recession-related declines and setting the stage for future increases. (Source: Real Estate Assessor's Office)



There were 839 **foreclosures** in Virginia Beach in 2014, down from 1,085 in 2013. The number of foreclosures is now at the level it was in 2002, prior to the housing bubble and the resulting recession. (Sources: Real Estate Assessor's Office, Circuit Court)

The total number of **building permits** decreased to 7,807 in 2014 from 8,229 in 2013. The value of the permits increased in 2014 to \$510.5 million compared to \$470.1 million in 2013, another sign that the economy is picking up. (Source: Dept. of Planning)

The Virginia Beach economy is continuing to improve. Visitor spending and hotel tax revenues remain at all-time highs, indicating the tourism sector remains strong. Job growth and employment are showing healthy growth, which translates into higher meals taxes, which are also at all-time highs. Retail sales is showing an uptick in 2015. Unemployment in Virginia Beach is the lowest in the region. Real estate assessments are increasing in FY-15 and FY-16 as the number of foreclosures declines. Regionally, the Port of Virginia continues to grow in importance to the region's economy. The number of 20-ft container units passing through the Port has increased for the fifth year in a row. The 2015 two-year bipartisan federal budget deal raises the sequestration caps on defense spending by about \$40 billion over the next two fiscal years, which is good news for the Hampton Roads economy.

## MAJOR INITIATIVES

The FY 2015 financial report reflects the use of resources to achieve the city government's vision as defined by City Council. To achieve its vision, City Council identified five goal areas at its Annual Goal Setting workshop:

1. Grow the Local Economy
2. Create a Financially Sustainable City Providing Excellent Services
3. Be a Competitive, First Class Resort for Residents, Businesses and Tourists.
4. Improve the Transportation System.
5. Revitalize Neighborhoods and Plan for the future.



To enhance City Council's long time vision of *A Community for a Lifetime*, in March 2013 Council adopted the City's first Sustainability Plan. It is a plan to develop communications and a scorecard to report on City and community progress towards achieving economic, environmental and social sustainability. Existing City plans and projects, and all new projects, are viewed through the sustainability lens. Sustainability metrics are being developed to track progress in achieving the goals set forth in the Sustainability Plan.

During FY-2014, the City made progress toward the goals identified in its Strategic Plan 2014-2019-2029 and Sustainability Plan as discussed below.

### **Goal #1—Grow the Local Economy**

#### *Become a major "Amateur/Semi Pro" sports destination—Arena*

In February 2014, the City received competing proposals for a \$200 million sports and entertainment arena across from the Virginia Beach Convention Center. After extensive review and public participation, Council selected United States Management (USM) to work with City staff to develop a term sheet. On December 9, 2014, Council unanimously approved the term sheet and directed staff to develop a comprehensive development agreement. USM's proposal assumes all financial and operational risk in return for 1/8 of existing hotel taxes and all taxes generated by the arena. The City would be responsible for up to \$76.5 million in infrastructure improvements. A Council vote on the arena project is planned in December 2015. Once approved, USM will arrange the private financing. The arena will host live concerts, family events, conventions and trade shows, collegiate and youth athletic events, NBA/NHL exhibition games, and other events that will appeal to all facets of the community.

#### *Retain and expand military presence—N.A.S. Oceana Encroachment Reduction Program*

YesOceana, Virginia Beach's award winning Oceana Land Use Conformity Program, was created to rollback the incompatible land uses surrounding Naval Air Station Oceana, the Navy's East Coast Master Jet Base. The business component of the program has eliminated a total of 53 non-conforming commercial properties in the Accident Potential Zone 1 (APZ-1) and the City has committed a total of \$2.4 million to 30 businesses to promote compatible uses within the APZ-1 district. Included in that total, the Development Authority has awarded \$2.1 million in Economic Development Investment Program (EDIP) grants for projects under the YesOceana program, leveraging more than \$26 million in new private development.

From FY-2007 - FY-2014, the City and the Commonwealth of Virginia contributed a combined total of \$15 million per year, split 50/50, to the Base Realignment and Closure (BRAC) program. Now, the BRAC program is winding down, with a combined funding of \$7.8 million in FY-2015, and City funding of \$2.5 million, with no state funding in FY-2016. In total, \$127.8 million has been spent to acquire non-conforming homes and businesses from willing sellers, without using condemnation. The program is the only one of its kind in the country, and it has been highly successful in moving nonconforming residential and business uses out of the APZ-1, and moving conforming uses into the area. This has reduced the density of people living and working around the jet base, making it easier for the Navy to pursue its mission. NAS Oceana generates 16,000 jobs with a total payroll of more than \$1.18 billion and is one of the most important components of the Virginia Beach economy.

*Retain and grow existing businesses and expand higher paying job opportunities—Virginia Beach Development Authority*

FY 2015 was another successful year for business development in the City. Through the combined efforts of the Authority and the Department of Economic Development, nearly \$58.7 million in new capital was invested by the City's business community in 52 new projects. Of those, 13 were new locations and 39 were expansions. The Department of Economic Development recorded 515 new jobs created by the new locations and 1,682 jobs retained through expansion. Five announcements were from international companies, and thirteen came from among small and woman or minority owned businesses.

*Minority Business Initiative*

For FY 2015, City expenditures to minority vendors were \$13.6 million, which represented 4.67% of total City expenditures, an increase from 4.53% in FY 2014. Minority firms received 8.58% of goods and services contracts, and 1.73% of construction contracts. The construction contract awards represents an increase of almost 1% from FY 2014. This may be attributed to the development of the Small Business Enhancement Program, which was implemented in August 2012. The program was developed in an effort to promote collaborations between SWaM-certified firms and larger prime contractors in the construction industry. It is the intent of the program to expose SWaM-certified firms to opportunities which aid in further growth and development of their business knowledge. The City also currently manages projects under the Urban Constructive Initiative (UCI), based upon certification received from the Virginia Department of Transportation, which must comply with the federal requirements related to the use of Disadvantaged Business Enterprise (DBE) firms. At present, the City currently manages all aspects of the program, with the exception of DBE goal determination. Through training, to be provided by the Virginia Department of Transportation personnel, it is the expectation that this will fully transition to a City function by the end of 2016.

Over 200 participants attended the Minority Business Council 20th Anniversary, Conference and Expo which was held on November 5, 2015. There were speakers and workshops for attendees on how to increase their business with City departments.

*Town Center Expansion*

Town Center, the focal point of the City's Central Business District, continues to drive the economy, drawing crowds and attracting popular new restaurants, shops and businesses. The new Main Street Tower is anchored by Clark Nexsen, one of the oldest and largest architecture and engineering firms in Virginia. The new tower includes 213,000 square feet of office space, 26,000 square feet of street level retail space, 290 luxury apartments and a 927-space attached parking garage. The Virginia Beach Development Authority purchased the garage from the developer in January 2015. Across the street at Pembroke Mall, a Nordstrom Rack, REI, Designer Shoe Warehouse, Uptown Alley, and Fresh Market will open in 2016.

*Partner with Colleges and Universities—TCC Workforce Solutions Center at Town Center*

In support of VBDA's workforce development initiative, Tidewater Community College announced the opening of its Workforce Solutions Center in space adjacent to the Virginia Beach Economic Development Department in Town Center. The close proximity of the two entities enhances the City's ability to serve the workforce needs of its businesses.

## **Goal #2—Create a Financially Sustainable City Providing Excellent Services**

### *Maintain Triple A Bond Ratings*

For the sixth year in a row, all three major bond rating agencies, Fitch, Moody's and Standard & Poor's, assigned a triple-A rating to Virginia Beach's general obligation bonds. All three rating agencies praised Virginia Beach's conservative fiscal management. Virginia Beach is the only city in Hampton Roads to receive triple-A bond ratings from all three rating agencies.

### *Deliver City Services in the most cost effective manner—New Facilities*

The Town Center Station 7, the largest fire station in Virginia Beach, opened its doors in April, 2014. The new building was strategically placed on Columbus Street next door to the post office in close proximity to the ever growing Town Center high-rise district. In the event of a high-rise incident, the department can respond to the Town Center area in minutes. The 2-story, 24,500-sq-ft LEED Certified building houses the administrative offices for the Fire Department, which were relocated from the courthouse area in May 2014.

Built in the 1950's, the completed renovation of the old historic Fire Station 7 on Thalia Road, was dedicated on August 25, 2015. It is the city's first stand-alone EMS station. It will be utilized by the Department of EMS to improve ambulance response times and to provide critical care in the Thalia area.

The new Blackwater Fire and EMS station was completed in June and dedicated in September, 2015. The new station is an 11,400 square foot facility with five equipment apparatus bays and 8 sleeping rooms, heated with a sustainable geothermal heating/cooling system. The \$5.1 million project (includes relocating a ball field) was built to withstand a Cat II hurricane. This is the City's most southern station where there are no fire hydrants, so water is supplied with tankers and drafting sources.

### *Have top rated/#1 schools—Old Donation Center and Kemps Landing Magnet School*

Old Donation Center and Kemps Landing Magnet School will be combined in a single consolidated facility to provide gifted and talented services for grades 2 - 8. Construction on the \$63.36 million project is underway at Independence Boulevard and Honey Grove Road. The projected completion date is the fall of 2017.

## **Goal #3—Be a competitive, first class resort for residents, businesses and tourists**

### *More variety of facilities and activities, including participatory events and local participation-Farm Bureau Live at Virginia Beach*

In 2014, in its 19th season, the amphitheater attracted nearly 320,000 patrons to 28 events and returned 16.78% on the City's \$10.5 million investment. Over the 19 seasons, performances have resulted in direct revenue of more than \$23.3 million for the City and provided performances for more than 5.3 million music lovers. The amphitheater provides a venue for world-renowned performers as well as local cultural and community events.

### *Adventure Park and Coastal Conservation Garden at the Virginia Aquarium*

The Adventure Park, Virginia's largest aerial forest park, opened in May 2014 featuring zip lines and aerial ropes challenge courses. The Adventure Park will complete Phase II of their project in the near future, and it will consist of additional zip lines and other outdoor elements

and include a canopy walk. Once complete, this will be the largest adventure park in North America. In addition, the city will construct a Coastal Conservation Garden that will consist of areas for watchable wildlife and a living shoreline garden. The garden area will be free and open to the public. The goal of this area is to bring residents and visitors into direct contact with plant and animal life in the Owl's Creek area and to help them understand the importance of the environment.

#### *Become a year-round destination - Cavalier Hotel Restoration*

The old Cavalier Hotel, a landmark built in 1927 and a symbol of the City's early resort days, has hosted presidents, celebrities and guests from around the world. When a judge ordered the property sold to settle a lawsuit, the City Council supported saving the Cavalier by endorsing a series of incentives to attract a developer to buy and preserve it. On July 23, 2013, hotelier Bruce Thompson and his company Gold Key/PHR closed on the 21-acre property, including both the old hotel and a surrounding parcel, as well as the newer Cavalier across the street on the oceanfront. Since then, the old hotel has been placed on the Virginia Landmarks Register as well as the National Register of Historic Places. Tourism Development Gap Financing was approved by the Commonwealth Office of the Comptroller and the Virginia Tourism Corporation in July 2014. This program allows the developer to retain one percent of state and local tax revenue generated by the project to provide financing for up to 20% of the development cost. The historic Cavalier will be renovated and will open in 2016. The surrounding property will include 83 residential homes, including estate homes, cottages and bungalows. The oceanfront hotel has been demolished and will reopen in 2017 as a new Oceanfront Marriott Hotel.

#### *iFLY Indoor Skydiving Center*

The first and only indoor skydiving facility in Virginia, located in the resort area, opened in January 2015. Now there is another activity residents and visitors can experience at the oceanfront year-round.

#### *Topgolf*

The first Hampton Roads location for Topgolf International will be in Virginia Beach. It is currently under construction near the intersection of I-64 and I-264, making it easily accessible for local customer and tourists. The company will invest almost \$30 million over the next 3 years and create 450 jobs, 125 of which will be full-time. Topgolf received a \$300,000 grant from the Virginia Beach Development Authority and, as a new company, is eligible for the Business License Incentive Program.

### **Goal #4—Improve the Transportation System**

#### *Better mass transit with increased local ridership - Light Rail*

In 2012, 62.7% of Virginia Beach voters approved an advisory referendum that directed the City Council to "use all reasonable efforts" to pursue financing and development of a light rail line, connecting to Norfolk's existing line. The Virginia Beach Transit Extension Study (VBTES) was undertaken by Hampton Roads Transit (HRT) to examine the best options for extending light rail or bus rapid transit along a former freight rail right-of-way into Virginia Beach. HRT examined four alternatives including extensions from Newtown Road to Town

Center; to Rosemont Road; to the oceanfront via former Norfolk Southern right-of-way; and to the oceanfront via Hilltop/Laskin Road. The VBTES/DEIS Notice of Availability (NOA) was published in the Federal Register on March 20, 2015. The posting of the NOA formally started the 45-day public comment period on the study. On May 12, 2015, after the DEIS public comment period, City Council voted to extend “The Tide” light rail transit system to Town Center as the Locally Preferred Alternative. Integral to the extension of light rail is the addition of 12 HRT buses to enhance public transportation throughout the City. Also, a 3-mile shared use pedestrian and bicycle path will run alongside the extension in order to create a true multi-modal east-west corridor straddling the City’s planned Strategic Growth Areas.

The next step for the project is that over the next year, HRT will be coordinating 30% Preliminary Engineering documents while the City develops 30% Preliminary Engineering documents for the parallel shared use pathway. The two sets of design documents will be combined in fall 2016 as a Design-Build RFP for prequalified Design-Build teams to submit bids. The process will culminate with bids being opened by the spring 2017 in order for City Council to consider the final not to exceed cost for the project. The City and the Commonwealth reached an agreement whereby the Commonwealth will fund \$155 million of the estimated \$310 million total project cost.

*Reduce congestion and improve traffic flow - Governor’s Transportation Fund - Lesner Bridge*

The Governor’s Transportation Plan provides \$156.1 million for four major road projects in Virginia Beach. These projects are: Witchduck Road Phase II, Lynnhaven Parkway Phase XI, Holland Road Phase VI, and the Lesner Bridge replacement project. These projects are in various stages of design/construction, to be completed between 2016 - 2018.

The largest of these projects is the Lesner Bridge Replacement project. The Lesner Bridge connects Shore Drive between the Chesapeake Bay and the Lynnhaven River. Constructed in the 1950’s and 60’s, the bridge was built to last 50 years. Construction to replace the aging bridge began in June 2014. The project will cost \$116.5 million and will replace the existing Lesner Bridge with a signature facility that will be capable of handling six lanes of traffic in the future. Construction of the westbound bridge lanes (north span) should be completed by May 2016, and construction of the eastbound bridge and lanes (south span) will begin in May 2016 and is scheduled for completion in June 2017. Demolition of the current bridges will take place beginning in June 2016 and continue into November 2016. The project is expected to be complete in June 2017.

***Goal #5—Revitalize neighborhoods and plan for the future***

*Improve neighborhood infrastructure and City amenities - Housing Resource Center*

The Housing Resource Center is a major part of City Council’s plan to end homelessness. It will offer day services for homeless people, a temporary emergency shelter and community services to prevent homelessness. The City will build the 3-story, \$39 million Housing Resource Center at 104 N. Witchduck Road, near Southern Blvd. It will replace and expand upon the services offered at the Lighthouse Center. The new Housing Resource Center will include a 40-bed short-term shelter for families with children, 32 shelter beds for single adults and 30 affordable efficiency apartments. It will also have classrooms and a health clinic, and



office space for city agencies and other groups that work with families and individuals to prevent homelessness. Construction will start in spring 2016. The center is scheduled to open in 2017.

#### *Bow Creek Recreation Center Replacement*

After 50 years of use, the Bow Creek Recreation Center was demolished in 2012. The new \$28 million, 67,743-sq-ft energy efficient facility includes an indoor pool with play components and four 25-yd lap lanes. Other indoor spaces include a large indoor gymnasium; large fitness areas; and expanded weight room with expansive views of the golf course; youth game room; meeting rooms; and a childcare area. The new facility opened in March 2015. It is expected that the building will receive LEED (Leadership in Energy and Environmental Design) certification due to design choices that maximize the building's long term sustainability and reduce operating costs. The new recreation center is the first City building to include LED lighting both indoors and outdoors. The storm water management system was improved to handle on-site drainage as well as improving the drainage efficiency of the surrounding neighborhood. New storm water ponds were designed to be landscaped water features with meandering walking paths around the perimeter and an outdoor deck overlooking the water and golf course.

#### *Kempsville Recreation Center Replacement*

The Kempsville Recreation Center is the next in line for replacement. It opened in 1977 as Virginia Beach's first community recreation center. After more than 37 years of serving the community, it closed its doors in February 2015. The new facility will be 87,116-sq-ft to include a jogging track, double gymnasium, fitness areas, pool, therapeutic recreation program space, seven multi-purpose rooms, and improved parking and pedestrian access. The old center has been demolished and construction of the new facility has begun. The new center will open in early 2017.

#### *Neighborhood Channel Dredging*

In 2010 the City adopted a new strategy to assist communities in re-establishing navigational channels. The strategy involves the use of Special Service Districts (SSD), where waterfront property owners agree to a surcharge on their real estate taxes for the purpose of constructing the navigation channel. The City participates in the cost by dredging a spur channel from the main City navigation channel to the neighborhood. The SSD revenues cover the cost of continuing the channel into the community to serve all participating properties. Individual channels linking private properties to the neighborhood channel is funded entirely by property owners wishing to connect to the system. To date, seven SSDs have been created under this program.

#### *Brock Environmental Center at Pleasure House Point*

The Pleasure House Point (PHP) Natural Area is 118 acres of water, tidal marsh, sandy shores and maritime forest that was once being considered for a large waterfront development. With

the help of The Trust for Public Land (\$0.5M); the Chesapeake Bay Foundation (\$1M); VA Land Conservation Foundation (\$0.5M); and the Department of Game and Inland Fisheries (\$1M); together with the City's Open Space Fund (\$4 M); and a .25% loan from VRA (\$6), the City has preserved one of the largest undeveloped parcels of land on the Lynnhaven River for generations.

The Chesapeake Bay Foundation built the Brock Environmental Center at PHP, which is the most sustainable building in Virginia. It produces all its electrical power on-site; it captures, treats, and filters rainwater for 100% of daily use; and it was built 14 feet above sea level, with recycled materials.

Lynnhaven River Now, a committed group of local citizens with the goal of restoring and protecting the Lynnhaven River, is also headquartered at the Brock Environmental Center.

## **INTERNAL CONTROL AND BUDGETARY ACCOUNTING**

The City's management team is responsible for establishing and maintaining an internal control structure to protect the assets of the government from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City's control environment reflects the attitude of management at all levels towards ethical behavior, organizational values, competence, integrity and the well-being of the organization. *Integrity Connection* is an initiative designed to promote the City's Organizational Values and Code of Ethics by providing resources and encouraging integrity throughout the organization. *Integrity Connection* provides a way for City employees to ask questions regarding ethical behavior and to report fraudulent activity in a confidential manner through a formalized hotline that offers the option of anonymity. The biennial Member Survey enables employees to provide valuable input to management concerning communications, values and ethics, recognition, leadership, training & development, and the work environment. Based on survey results, Organization Action Plans are developed to address survey findings.

Budgetary controls are maintained to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the General Fund, certain Special Revenue Funds, Debt Service Fund, Enterprise Funds and School Board Governmental Component Unit Funds are included in the annual appropriated budget. The level of budgetary control is established by each organizational unit included in the budget ordinance. Additional controls are exercised administratively.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the un-liquidated balance of encumbrances at year-end. As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management.

## **FINANCIAL MANAGEMENT POLICIES**

The City employs a number of policies to provide the framework for sound financial management. City Council's continuing fiscal policies include maintaining existing services to the extent possible; positioning the City to withstand local and regional economic disruptions; meeting the demands of natural growth, decline and change; ensuring that citizens understand and support the need for fiscal sustainability and the policies through which it is achieved; maintaining a diverse tax structure; maintaining and monitoring existing debt policies; and providing for special services and projects through special dedicated revenue generation (e.g. Tourism Investment Program and the Tourism Advertising Program Special Revenue Funds). City Council's policies provide overall direction and guidance for resource management. In addition, these policies resulted in the high level of financial strength that led to and continue to support the upgrade of the City's bond ratings to triple-A by Standard & Poor's, Moody's Investors Service, and Fitch Ratings.

A number of the City's financial management policies govern how the operating budget is prepared and managed. For example, the budget will be balanced on a current revenue to expenditure basis, unencumbered budget appropriations (except for those for capital projects and grants) will lapse at the end of the fiscal year, the appropriation ordinance will set the legal level of budgetary control and the City will set fees and user charges for each self-supporting enterprise fund at a level that fully supports costs. Regarding fund balance policies, the unassigned fund balance or net position of any fund shall not be used to finance continuing expenditures. Additionally, the city shall maintain an unassigned fund balance of 8% to 12% of the following year's projected revenues, equating to approximately one month of operating expenses.

The City further maintains policies that specify what projects may qualify as capital projects. In general, the project must be a major expenditure of over \$250,000 that is ongoing in nature or requires multi-year funding. There are specific criteria used to determine whether a project will be funded by bond referendum or by Charter Bonds, as well as whether a project is eligible for lease/purchase financing. The City issues bonds for capital improvements with a cost in excess of \$250,000, or which cannot be financed from current revenues. Debt management policies are presented in the following section.

## RESOURCE MANAGEMENT, CAPITAL FINANCING AND DEBT MANAGEMENT

The City begins its budgeting process each year with a presentation of the Five Year Forecast, which projects revenue and expenses out over the next five years and highlights important issues that may impact the upcoming budget. An extensive budgeting process includes the development of budget targets for each department; town hall meetings where city staff and City Council receive input from citizens; various internal processes providing the opportunity for input from the Strategic Issue Teams, departments, and finally the Management Leadership Team that finalizes the proposed budget. After presentation of the proposed budget to City Council, Council holds budget workshops and two public hearings before voting on the final budget.

The FY 2016-2021 Capital Improvement Program (CIP), which was approved by City Council on May 12, 2015, set forth a program totaling \$2.7 billion. Of this amount, \$1.2 billion was appropriated through FY 2015, \$313 million was appropriated in FY 2016 and \$1,183 million was programmed for years FY2017-2021 of the Capital Improvement Program. Funding for this program will be from local, state, federal, and private sources, with local debt comprising 56.4% of total funding. The six-year plan provides phased funding for critical public works infrastructure needs and upgrades that will help ensure compliance with increasingly strict environmental requirements, funding for roads, facility improvements, and public schools. The CIP also includes funding for capital investments for recreational activities, leisure programs, and the preservation and acquisition of open space that enhances the quality of life for the citizens of Virginia Beach.

During FY 2015, the City continued to acquire development rights in designated areas within the southern portion of the City for the Agricultural Reserve Program. The rights were acquired through the issuance of installment purchase agreements, which are considered valid contractual obligations of the City. One agreement was completed in FY 2015 at a total purchase price of \$344,842 with 42.26 acres acquired. For the total program at June 30, 2015, 90 agreements totaling 9,127 acres at a total purchase price of \$41,808,934 have been executed.

The City has developed a series of Debt Management Policies to provide a functional tool for debt management and capital planning. The policies reiterate the City's commitment to rapid principal retirement, maintaining sufficient working capital to avoid the use of short-term borrowing for operating purposes, and the use of self-supporting or revenue-supported debt where appropriate. The policies also establish target levels for key debt ratios as shown below. All debt affordability indicators fall within the established guidelines.

Ratio Description	Established Standard	FY15	FY14
Annual Debt Service to General Governmental Expenditures	No greater than 10.0%	8.7%	8.2%
Overall Net Debt to Estimated Full Value	No greater than 3.5%	2.0%	2.1%
Overall Net Debt Per Capita	No greater than \$3,000	\$2,254	\$2,256
Overall Net Debt Per Capita to Per Capita Personal Income	No greater than 6.5%	4.4%	4.5%

The City issued \$51.3 million General Obligation bonds in FY-15 and refunded \$56.5 million to achieve debt service savings of \$8.8 million over 14 years. It also issued \$48.2 million Public Facility Revenue bonds and refunded \$34.9 million to achieve debt service savings of \$3.5 million over the next 13 years. Also issued were \$23.5 million Storm Water Utility Revenue bonds. As a result of the ratings review process, all three major rating agencies, Standard & Poor's, Moody's Investors Service and Fitch Ratings, affirmed the City's triple-A ratings on its General Obligation bonds. As of June 30, 2015, the City had \$1.0 billion of outstanding tax supported debt.

## **AWARDS AND RECOGNITION**

The City of Virginia Beach received a number of awards and was recognized by a variety of organizations. Among these awards and recognitions are:

**Fifth Best “Digital City”** with populations more than 250,000, *Center for Digital Government*, November 2015; **One of the “Best Cities for Latinos”**, *Latin Post*, September 2015; **One of the “10 Best Cities to Live”**, *WalletHub*, August, 2015; **Best Large City for Veterans to Live**, *USA Today*, July 2015; **4th Best City for First-time Homebuyers**, *Vox Business & Finance*, July 2015; **One of the “10 Best U.S. Cities for Millennial College Students”**, *USA Today*, April 2015; **One of America’s “Most Literate Cities”**, *USA Today*, April 2015; **One of the “Ten Best U.S. Beaches for Families”**, *Family Vacation Critic*, April 2015; **One of the “Ten Most Beautiful Cities in the USA”**, *The Culture Trip*, March 2015; **Second “Hardest Working City in America”**, *WalletHub*, March 2015; **One of America’s 50 Best Cities to Live**, *24/7 Wall Street*, September 2014; **A “Millennial Boomtown”**, *Forbes*, August 2014; **One of America’s Top Destinations for July 4<sup>th</sup> Celebrations**, *Priceline.com*, June 2014; **A Top Ten Beach Town for Retirees**, *CBS News*, May 2014; **One of America’s Best Cheap Cities for Raising a Family**, *NBC Today Show/Cheapism.com*, April 2014; **Top Ten U.S. Boardwalks**, *National Geographic Magazine*; **4<sup>th</sup> in Top Mid-Size Cities of 2014 for ENERGY STAR Certified Buildings**, *Energystar.gov*, 2014.

## **INDEPENDENT AUDIT**

An independent audit of the City's finances is required each fiscal year by Section 8.06 of the City Charter by either the Virginia Auditor of Public Accounts or by a firm of independent certified public accountants. Accordingly, the records have been audited by Cherry Bekaert LLP and its reports on the general purpose financial statements, internal controls, and compliance are included herein.

## **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014, and the Distinguished Budget Presentation Award for the FY 2014 Resource Management Plan.

## ACKNOWLEDGMENTS

During the year, the staff of the Finance Department rendered professional and knowledgeable services to the City. We are most appreciative of these efforts and take this opportunity to recognize these outstanding public servants. They maintain the accounting records of the City on a current and timely basis and deserve special consideration.

The City Council's oversight of the financial affairs of the City has resulted in this strong financial report and Council is commended for the policies and practices which have made it so.

Respectively,



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James K. Spore  
City Manager



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Patricia A. Phillips  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
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Presented to

**City of Virginia Beach  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



# **FINANCIAL SECTION**

## **Report of Independent Auditor**

The Honorable Members of the City Council of  
City of Virginia Beach, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the individual and aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Virginia Beach, Virginia, (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Virginia Beach Community Development Corporation, which represent 4.81 percent, 11.26 percent, and 0.73 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Virginia Beach Community Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the individual and aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Fund Reclassification*

As described in Note 10 to the financial statements, effective July 1, 2014, the City has reclassified the beginning fund balance of the Governmental Activities to reflect the conversion of the Waste Management Fund from a Special Revenue Fund into an Enterprise Fund. Our opinions are not modified with respect to this matter.

### *Restatement*

As described in Note 10 to the financial statements, effective July 1, 2014, the City adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – and amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

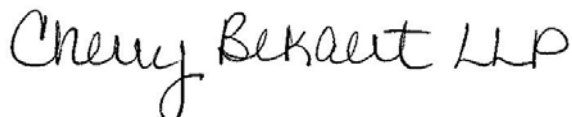
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Virginia Beach, Virginia's basic financial statements. The introductory section, combining schedules nonmajor governmental funds, general fund budget to actual schedules, combining schedules and individual funds, capital projects schedule, enterprise funds statements, internal service funds statements, trust and agency funds statements, discretely presented school board component unit, the schedule of expenditures of federal awards, the statistical section, and continuing disclosure schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

The combining schedules nonmajor governmental funds, general fund budget to actual schedules, combining schedules and individual funds, capital projects schedule, enterprise funds statements, internal service funds statements, trust and agency funds statements, discretely presented school board component unit, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining schedules nonmajor governmental funds, general fund budget to actual schedules, combining schedules and individual funds, capital projects schedule, enterprise funds statements, internal service funds statements, trust and agency funds statements, discretely presented school board component unit, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, statistical section, and the continuing disclosure schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cheryl Bekaert LLP".

Virginia Beach, Virginia  
November 19, 2015

VB

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**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Virginia Beach has put together this section to provide readers with a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements which follow this section.

### FINANCIAL HIGHLIGHTS

- ◆ At the end of the fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3.4 billion. This amount represents a decrease of \$108.6 million, or 3.3%, over prior year's restated net position of \$3.3 billion. The beginning net position for fiscal year 2015 was restated by a decrease of \$391.6 million due to the implementation of GASB Statement No. 68. A large part of the net position is invested in capital assets or is restricted for capital projects and future debt service. The unrestricted net position deficit totals \$141.0 million (Tables 1 and 2).
- ◆ Net position for governmental activities increased \$61.8 million. During the year, the \$1.2 billion generated in taxes and other revenues for governmental programs exceeded expenses by \$77.7 million (before transfers). This is an improvement over the prior year, when revenues exceeded expenses by \$59.4 million before transfers.
- ◆ In the City's business-type activities, net position increased by \$46.8 million compared to prior year's increase of \$48.7 million.
- ◆ The City's governmental funds reported combined ending fund balances of \$553.2 million, a 2.1% increase compared to prior year's restated fund balance. The fund balance was restated due to the Waste Management fund converting to an enterprise fund. The total fund balance consists of 2.4% nonspendable, 6.9% restricted, 63.2% of committed, and 27.5% remaining amounts available for spending at the government's discretion (either assigned for specific purposes or unassigned).
- ◆ Governmental funds show increases in property taxes of \$29.6 million primarily due to increases of property assessed values of 3.7% for real estate and 5.4% for personal property. The real estate tax rate remained at \$0.93 per \$100 of assessed valuation but the personal property tax rate increased by \$0.30 (to \$4.0) per \$100 of assessed valuation. Other revenue sources that showed improved performance over prior year are other local taxes; fines and forfeitures; permits, privilege fees, and regulatory licenses; and revenues from use of money and property. The decrease in charges for services of \$37.5 million in comparison to prior fiscal year were due to the waste management charges now being recorded in the Waste Management enterprise fund versus the special revenue as in prior year. Receipts from the Commonwealth and Federal government increased by \$20.7 million and \$6.1 million respectively.
- ◆ The general fund reported a decrease in fund balance of \$8.0 million. Actual results were lower than budget for both general fund revenues (\$2.7 million) and expenditures (\$47.0 million). Total general fund transfers to other funds include \$43.2 million for the capital improvement program.
- ◆ The City maintained its Triple-A bond rating from Moody's Investor Services, Standard & Poor's, and Fitch Ratings. During this fiscal year, new debt issued by the City included \$51.3 million in General Obligation Public Improvement bonds, \$48.2 million in Public Facility Revenue bonds, and \$23.5 million in Storm Water Revenue Bonds.

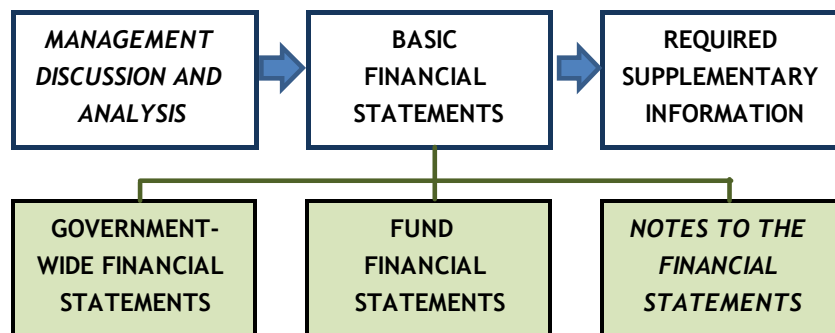


## OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and single audit. The financial section is illustrated in the following Figure 1. This section of the report has three components: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information.

Figure 1: Components of the Financial Section

The basic financial statements include two types of statements, government-wide and fund financial statements, that present different views of the City.



Up until 2002, the primary focus of local government financial statements has been summarized fund-type information on a current financial resource basis. This approach has been modified and now the statements presented focus on the City as a whole (government-wide) as well as the major individual funds. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the operations of the City in more detail than the government-wide statements. Both perspectives (government-wide and individual fund) allow the reader to address relevant questions, broaden the basis for comparison (year-to-year or government to government), and enhance the City's accountability.

### Government-Wide Financial Statements

The government-wide financial statements report information about the City as a whole, using accounting methods similar to those used by private-sector companies. The statement of net position components are reported using the full accrual basis of accounting. The statement of activities accounts for all of the current year's revenues and expenses, regardless of when cash is received or paid.

The two government-wide statements report the City's *net position* and how it has changed. Net Position, the difference between the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to measure the financial health, or position, of the City.

Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City, one needs to consider other nonfinancial factors such as changes in the City's property tax base and condition of the City's infrastructure.

The government-wide financial statements of the City are divided into three categories:

- ◆ **Governmental Activities** - Most of the City's basic services are included here, such as police, fire and other public safety services, parks and recreation, public works, and general administration. Property and sales taxes, charges for services, and state and federal grants finance most of these activities.
- ◆ **Business-type activities** - The City's water and sewer, storm water, economic development, and parking operations are reported here. Fees are charged to customers to help cover the costs of providing these services.
- ◆ **Component units** - The City includes three other entities in its report - the City of Virginia Beach School Board, the Development Authority and the Community Development Corporation (CDC). Although legally separate, these "component units" are important because the City is financially accountable for them, providing operating and capital funding. The Development Authority is presented as a blended component unit and included in the City's reporting entity. The School Board and CDC are presented as discretely component units and reported in separate columns of the entity-wide statements.

## Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant funds and will be more familiar to traditional readers of government financial statements. The focus is now on major funds rather than fund types.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as general statutes or the City's budget ordinance. The City's funds are divided into the following categories:

- ◆ **Governmental funds** - Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* can readily be converted to cash flow in and out and (2) the balances are year-end that are available for spending. Consequently, the governmental funds statements provide a short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explain the relationship (or differences) between them. Governmental funds include the general fund, debt service fund, capital projects fund, and special revenue funds (such as Parks and Recreation and Tourism Investment Program).
- ◆ **Proprietary funds** - Services for which the City charges customers a fee are generally reported in proprietary funds. These funds, like the government-wide statements, provide both long-term and short-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City utilizes enterprise funds to account for its storm water, water and sewer, economic development, and parking operations. The Development Authority is presented as a blended component unit and its proprietary fund is included in the City's reporting entity as a major enterprise fund. The City uses internal service funds (the other type of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities. The City's internal service funds are used for providing city garage and fuel services, risk management, printing, landscaping and information technology services.
- ◆ **Fiduciary funds** - Used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The fiduciary funds are agency funds (Special Welfare and Escheat Property), the Pension Trust Fund and the Postemployment Benefits Trust Fund. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These fiduciary activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE CITY AS WHOLE

### Net Position

The statement of net position serves as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3.4 billion at the close of the fiscal year (Table 1). The City's combined net position (the City's bottom line) increased by \$108.6 million over prior year's restated ending balance of \$3.3 billion. The restatement was the result of the City implementing GASB Statement No. 68 in Fiscal Year 2015 and recording an adjustment to decrease net position by \$391.5 million. Net position from governmental activities increased by \$61.8 million. Business-type activities resulted in an increase in net position of \$46.8 million.

The largest component of the City's net position (\$3.0 billion or 87.9%) is the investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets for business-type activities represents, in the most part, the assets of the water, sewer, and storm water utilities.

The City's unrestricted net position deficit, which is used to finance day-to-day operations, totaled a negative \$141.0 million compared to prior year's restated net position deficit of \$154.3 million. Included in the unrestricted net position deficit for governmental activities are fund balances of the general fund and most special revenue funds that have been committed or assigned at the fund level. The primary government capital assets total \$4.4 billion, net of accumulated depreciation, and include roads, bridges, parks, water and sewer facilities, storm water, land, other long-lived assets, and projects in the construction in progress program. Under the "tenancy in common" with the School Board, the City has included \$317.6 million of net book value of School Board property equal to the total outstanding principal balance of the "on behalf" debt at June 30, 2015. Capital assets increases resulted from additions to construction in progress for roadway projects, replacement of communication infrastructure, modernization of the Bow Creek recreation center, and the acquisition of several parcels of land purchased as part of the six-year program to protect the Oceana Naval Air Station from encroaching development (BRAC).

**Table 1**  
**Statement of Net Position**  
**(in Millions)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Current and Other Assets	\$ 670.8	\$ 649.9	\$ 313.7	\$ 307.9	\$ 984.5	\$ 957.8
Capital Assets	3,335.1	3,287.0	1,091.5	1,041.4	4,426.6	4,328.4
<b>Total Assets</b>	<b>4,005.9</b>	<b>3,936.9</b>	<b>1,405.2</b>	<b>1,349.3</b>	<b>5,411.1</b>	<b>5,286.2</b>
<b>Deferred Outflows of Resources</b>	<b>48.8</b>	<b>41.3</b>	<b>6.0</b>	<b>6.0</b>	<b>54.8</b>	<b>47.3</b>
Long-Term Debt Outstanding	1,478.8	1,544.7	371.6	375.2	1,850.4	1,919.9
Other Liabilities	61.1	64.0	27.2	24.5	88.3	88.5
<b>Total Liabilities</b>	<b>1,539.9</b>	<b>1,608.7</b>	<b>398.8</b>	<b>399.7</b>	<b>1,938.7</b>	<b>2,008.4</b>
<b>Deferred Inflows of Resources</b>	<b>90.6</b>	<b>7.0</b>	<b>10.6</b>	<b>0.6</b>	<b>101.2</b>	<b>7.6</b>
<b>Net Position</b>						
Net Investment in Capital Assets	2,252.2	2,273.8	758.9	716.1	3,011.1	2,989.9
Restricted	343.6	271.8	212.4	210.1	556.0	481.9
Unrestricted (Deficit) - Restated	(171.5)	(183.1)	30.5	28.8	(141.0)	(154.3)
<b>Total Net Position</b>	<b>\$ 2,424.3</b>	<b>\$ 2,362.5</b>	<b>\$ 1,001.8</b>	<b>\$ 955.0</b>	<b>\$ 3,426.1</b>	<b>\$ 3,317.5</b>

(continued)

## Changes in Net Position

The City's net position increased by \$108.6 million during the current year as compared to the \$90.5 million increase in prior year. The following table summarizes the changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 84.9	\$ 122.9	\$ 214.3	\$ 162.2	\$ 299.2	\$ 285.1
Operating Grants & Contributions	167.1	163.7	-	-	167.1	163.7
Capital Grants & Contributions	49.9	69.8	7.4	7.5	57.3	77.3
General Revenues:						
Property Taxes	574.1	544.0	-	-	574.1	544.0
Other Taxes	282.9	270.0	-	-	282.9	270.0
Other	72.2	79.4	0.2	0.6	72.4	80.0
Total Revenues	<u>1,231.1</u>	<u>1,249.8</u>	<u>221.9</u>	<u>170.3</u>	<u>1,453.0</u>	<u>1,420.1</u>
<b>Expenses:</b>						
Legislative	1.2	1.2	-	-	1.2	1.2
Executive	2.6	2.5	-	-	2.6	2.5
Law	3.8	3.9	-	-	3.8	3.9
Finance	17.2	18.5	-	-	17.2	18.5
Human Resources	11.0	10.5	-	-	11.0	10.5
Judicial	54.2	56.2	-	-	54.2	56.2
Health	3.2	3.1	-	-	3.2	3.1
Police	96.4	98.9	-	-	96.4	98.9
Human Services	110.1	110.3	-	-	110.1	110.3
Public Works	151.1	201.6	-	-	151.1	201.6
Parks & Recreation	46.4	46.9	-	-	46.4	46.9
Library	17.6	17.8	-	-	17.6	17.8
Planning	10.0	9.8	-	-	10.0	9.8
Agriculture	1.2	0.9	-	-	1.2	0.9
Economic Development	1.6	1.5	-	-	1.6	1.5
Convention & Visitor Bureau	29.2	22.0	-	-	29.2	22.0
Communication & Information Technology	33.6	35.3	-	-	33.6	35.3
Emergency Communication & Citizen	8.8	8.9	-	-	8.8	8.9
Boards and Commissions	29.5	28.2	-	-	29.5	28.2
Fire	49.7	52.6	-	-	49.7	52.6
Management Services	1.4	1.5	-	-	1.4	1.5
Education	390.0	376.4	-	-	390.0	376.4
Housing & Neighborhood Preservation	26.3	26.2	-	-	26.3	26.2
Museums	10.7	10.3	-	-	10.7	10.3
Emergency Medical Services	10.0	10.1	-	-	10.0	10.1
Strategic Growth Area	1.1	1.3	-	-	1.1	1.3
General Government	2.1	1.7	-	-	2.1	1.7
Water & Sewer	-	-	110.8	107.5	110.8	107.5
Storm Water	-	-	22.9	19.6	22.9	19.6
Development Authority	-	-	11.0	10.2	11.0	10.2
Waste Management	-	-	41.9	-	41.9	-
Parking	-	-	4.4	1.9	4.4	1.9
Interest on Long-Term Debt	33.4	32.3	-	-	33.4	32.3
Total Expenses	<u>1,153.4</u>	<u>1,190.4</u>	<u>191.0</u>	<u>139.2</u>	<u>1,344.4</u>	<u>1,329.6</u>
Excess (Deficiency) Before Transfers	<u>77.7</u>	<u>59.4</u>	<u>30.9</u>	<u>31.1</u>	<u>108.6</u>	<u>90.5</u>
Transfers	<u>(15.9)</u>	<u>(17.6)</u>	<u>15.9</u>	<u>17.6</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>61.8</u>	<u>41.8</u>	<u>46.8</u>	<u>48.7</u>	<u>108.6</u>	<u>90.5</u>
Net Position – Beginning	2,362.5	2,672.4	955.0	946.2	3,317.5	3,618.6
Restatement of Beginning Net Position	-	(351.7)	-	(39.9)	-	(391.6)
Net Position – Ending	<u>\$ 2,424.3</u>	<u>\$ 2,362.5</u>	<u>\$ 1,001.8</u>	<u>\$ 955.0</u>	<u>\$ 3,426.1</u>	<u>\$ 3,317.5</u>

\* The beginning net position was restated due to the implementation of GASB Statement No. 68.

(continued)

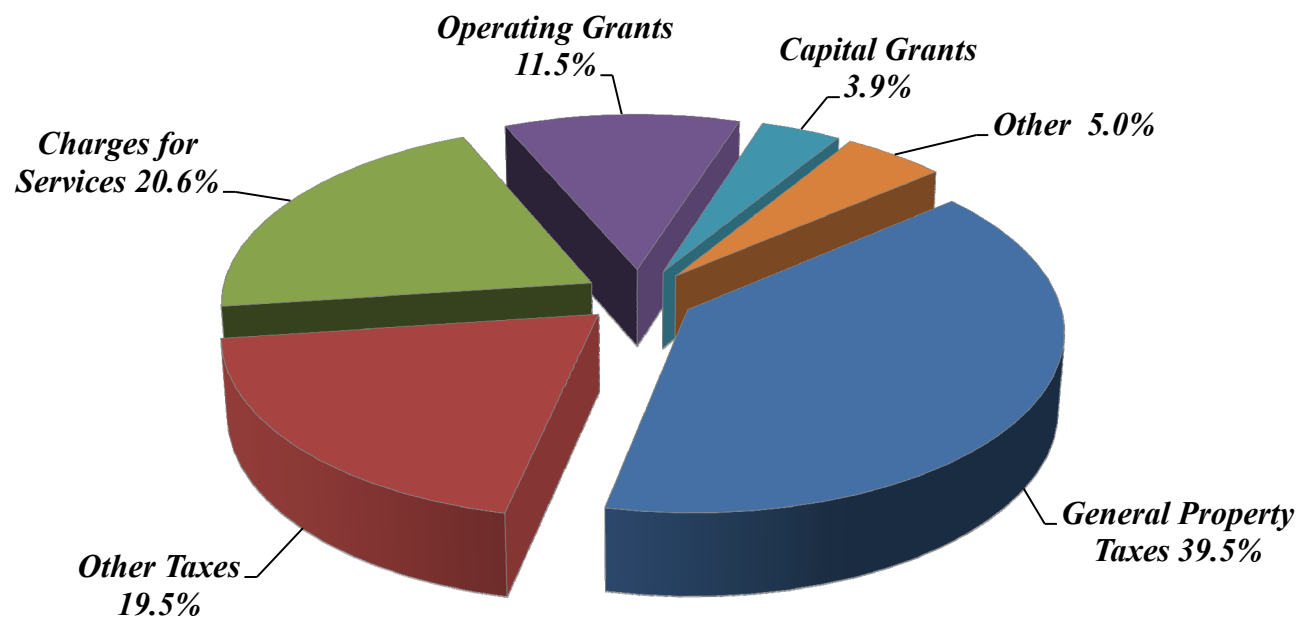
## Revenues

The City's total revenues were \$1,453.0 million, a \$32.9 million or 2.3% increase over prior year. Increases in the personal property tax rate (8.1%), sewer rate monthly charges (11.0%), and storm water charge per ERU (4.1%) account for part of this change. Waste management charges for services are reported in the business-type activities due to the change of the fund from a special revenue to an enterprise fund. The largest revenue sources for the City are property taxes at 39.5%, charges for services at 20.6%, and other taxes (e.g. sales, utility, business license, meal, and lodging) at 19.5%. Capital and operating grants and contributions show a decrease of \$20.0 million from prior year due decreased lane miles recorded as contributed roads.

Program revenues are derived from the program itself and reduce the cost of the function of the City. For *governmental activities*, total program revenues were \$301.9 million, a decrease of \$54.5 million from prior year. General revenues, all other revenues besides program revenues, totaled \$929.2 million. This represents an increase of \$35.8 million over prior year, mainly the result of higher property tax revenues. For the current fiscal year, the City maintained its real estate tax rate of \$0.93 per \$100 of assessed valuation but increase its personal property of \$3.70 to \$4.00 per \$100 of assessed valuation to fund public safety initiatives.

*Business-type activities* generated program and general revenues of \$221.9 million, primarily from charges for services (\$214.3 million).

**Figure 2: Revenues by Source - Primary Government as of June 30, 2015**



## Expenses

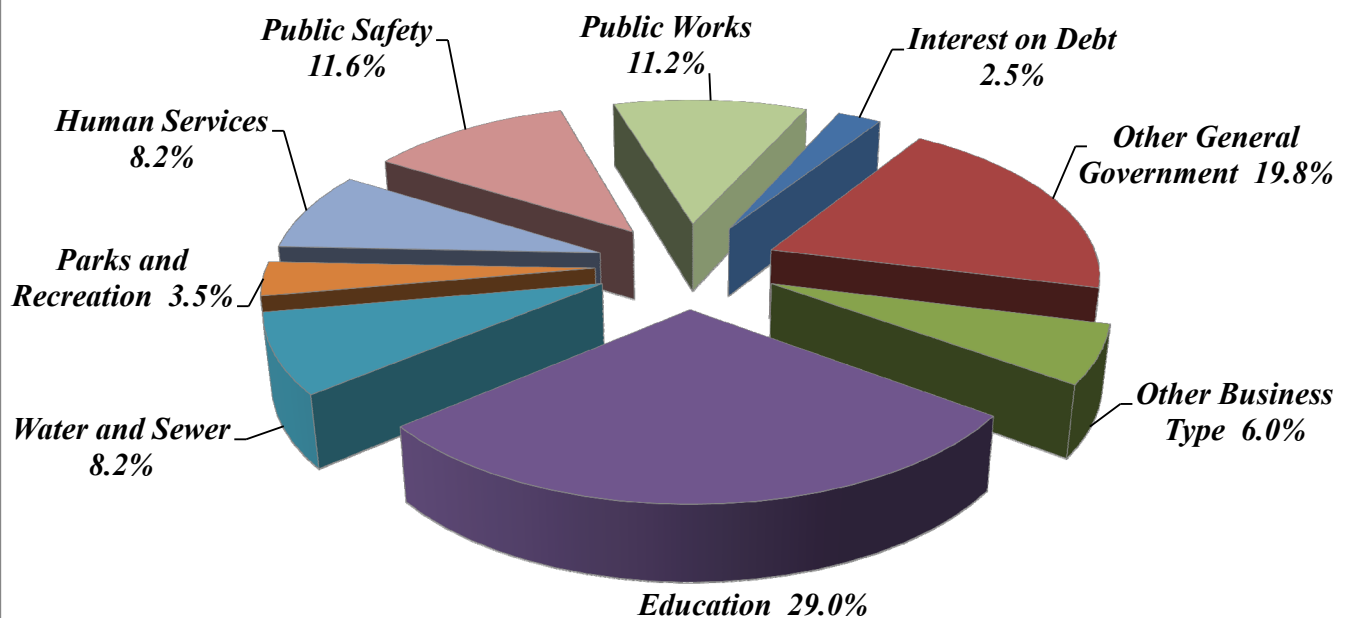
Total cost of all programs and services was \$1,344.4 million, a \$14.8 million or 1.1% increase over prior year expenses. The City's expenses cover a range of services, which as a percent of total include education at 29.0%, public safety (police, fire, and emergency medical services) at 11.6%, and public works at 11.2%.

Expenses for governmental activities totaled \$1,153.4 million, a decrease of \$37.0 million over prior year primarily due to the Waste Management Fund converting to an enterprise fund (\$41.0 million decrease). This decrease was offset by additional City support towards education, salary increases totaling 3% (1% is the state mandated VRS increase for full-time employees and a 2% general increase), and increases in expenditures related to enhancing tourism development. Other general government operating departments experienced only slight variations in spending over the previous fiscal year.

Education continues to be one of the City's highest priorities and commitments. The City's funding for education totaled \$390.0 million (net of the adjustment to account for the tenancy in common legislation) and it represents 49.1% (versus 47.2% in prior year) of the total School's revenues (exhibit 45).

Expenses for the City's business-type activities totaled \$191.0 million and includes expenses related to water, sewer, and storm water utility services as well as parking operations and economic development. The increase of \$51.8 million over prior year is mainly due to the new Waste Management Enterprise fund.

**Figure 3: Expenses - Primary Government as of June 30, 2015**



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

### *Governmental funds*

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The total fund balance for the governmental funds at the end of the fiscal year was \$553.2 million, an increase of \$11.6 million from prior fiscal year. This change is a combination of decreases in fund balances of \$8.0 million in the general fund offset by an increase in fund balance for the capital projects' fund of \$20.1 million. Decreases in the fund balance for the general fund was the combined result of increased property tax revenues offset by decreased other taxes and increased departmental spending.

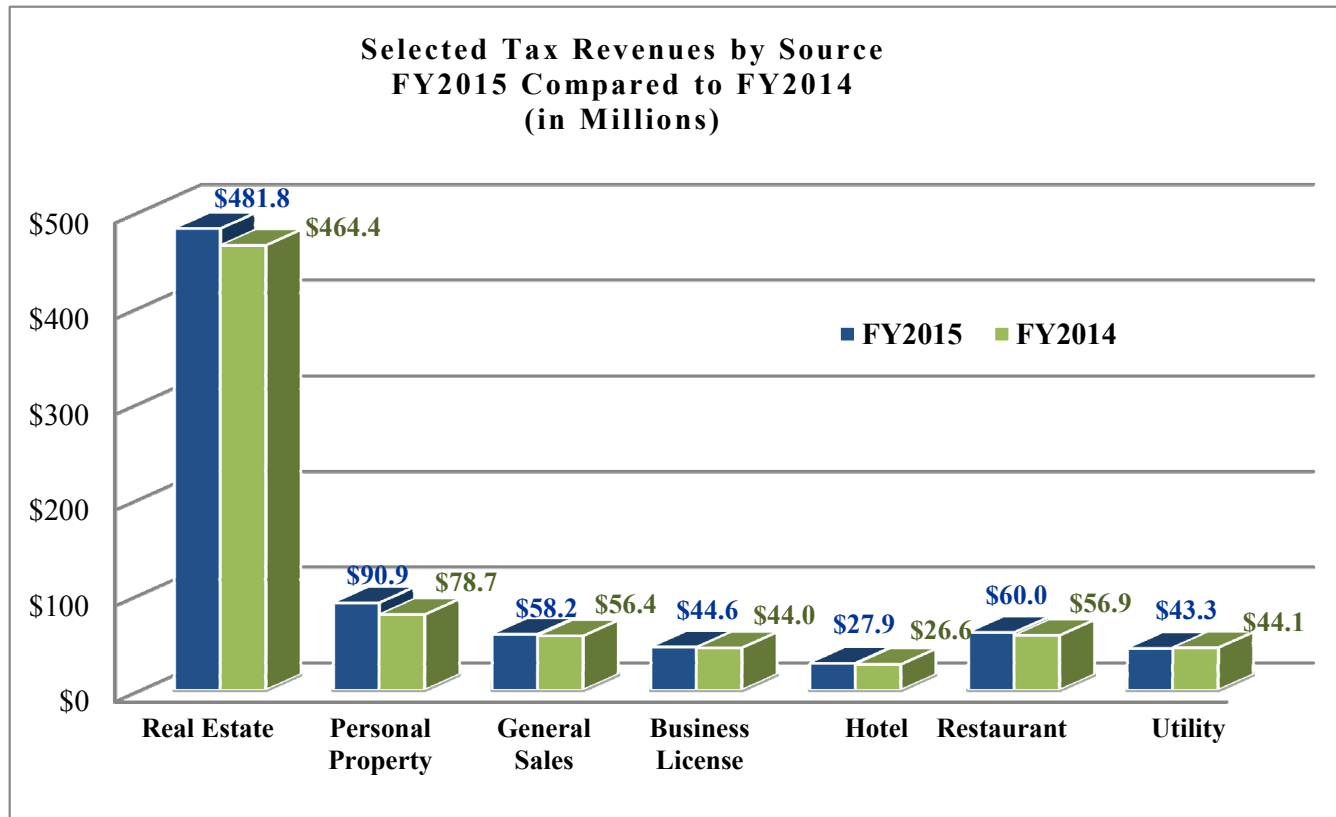
At the end of the fiscal year, the classification of total governmental fund balances was as follows:

- ◆ \$13.5 million or 2.4% is nonspendable consisting in the City's loans receivable and investment in inventories.
- ◆ \$38.0 million or 6.9% is restricted, which can be spent only for the specific purposes stipulated by external providers, such as grantors or restricted through legislation. This amount includes debt service costs (\$29.0 million); federal and state grants in housing programs (\$0.4 million), public safety initiatives (\$3.1 million), seized forfeited assets (\$3.3 million), human services (\$1.1 million); and special service districts (\$1.0 million).
- ◆ \$349.7 million or 63.2% is committed, which can only be used only for the specific purposes imposed by the formal action of City Council. Included in committed fund balance is the funding for the capital improvement program (\$299.3 million), parks and recreation activities (\$12.7 million), agriculture reserve program activities (\$13.5 million), tax increment financing (\$8.4 million), and other smaller amounts in the nonmajor special revenue funds.
- ◆ \$55.4 million or 10.0% is assigned, which applies to amounts that are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. The assigned amounts include \$19.2 million to be used in next year's capital program and \$14.9 million for education.
- ◆ \$96.6 million or 17.5% is unassigned, which is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

Items to be noted include:

- ◆ Real estate taxes of \$481.8 million increased from \$464.4 million in prior year. Real estate revenues are the City's single largest revenue source and comprised 39.3% of total revenues received for the year. This is mainly due to an increase of 3.7% in assessed values increased to \$1.8B, which resulted in an additional \$17.6 million in the amount levied. The real estate tax rate (\$0.93 per \$100 of assessed valuation) remained unchanged from prior year.
- ◆ Revenues recorded for personal property taxes of \$90.9 million were higher than prior year by \$12.2 million. The tax rate on personal property of \$3.70 per \$100 of assessed valuation increased to \$4.0 to support public safety initiatives. In addition, personal property tax assessments increased by \$236.0 million (5.4%). The City continues to receive PPTRA (personal property tax relief program) reimbursements from the state of \$53.4 million, which are reported as state revenues.





- ◆ Other Taxes revenue category, which includes taxes on general sales, utility purchases, cigarettes, hotel rooms, restaurant meal, amusement, business licenses, deeds, wills, and automobile licenses totaled \$281.3 million. This represents an \$9.4 million increase over the previous year mainly due to improved performance in hotel, meals, and cigarette taxes.
- ◆ Federal and state funding of \$264.4 million, 21.68% of total revenues received, increased \$26.8 million from prior year mainly due to support towards roadway projects such as the Lesner Bridge Replacement project.
- ◆ Charges for services decreased by \$37.5 million over prior year in part due to the conversion of the waste management fund to an enterprise fund.
- ◆ City employees received a total of 3% increase (1% is the state mandated VRS increase for full-time employees and a 2% general increase).
- ◆ In the aggregate the fund balances of the special revenue funds remained practically unchanged (\$457,116). Significant changes in fund balance were in the Most of the changes were in the Agriculture Reserve Program (\$1.9 million increase), Parks and Recreation (\$2.1 million decrease), Tourism Investment Program (\$1.3 million decrease), and Central Business District SSD (\$1.1 million decrease).
- ◆ The capital projects fund reported \$199.6 million in expenditures. Revenues received in this fund from the federal and state governments were \$14.9 million and \$29.9 million, respectively, which were mostly in support of transportation projects. General Obligation Public Improvement and Public Facility Revenue bonds and premiums totaling \$109.5 million were issued in support of general government capital projects. The capital projects fund received cash funding totaling \$73.0 million from the general fund and other special revenue funds.

## ***Proprietary funds***

The City's proprietary fund statements offer short and long-term financial information about the activities that the government operates as a business, such as the water and sewer system, storm water, waste management, parking, and development authority funds. These statements provide the same type of information found in the government-wide financial statements, but in more detail. The ending net position for the proprietary funds totals \$1.0 billion. Notable items are as follows:

- ◆ The Water and Sewer fund's net position increased by \$20.0 million, continuing to reflect strong financial management. Increases in charges for services of \$6.9 million reflect a 11.0% increase in the monthly sewer charge which will help address continued compliance with federal consent order.
- ◆ The net position for the Storm Water fund increased by \$17.4 million. Increases in charges for services of \$2.0 million reflect a 4.1% increase in the rate per Equivalent Residential Units. The rate increase will provide funding to continue addressing backlogs in the areas of flood control and water quality over the next several years.
- ◆ The net position for the Development Authority, which is the City's blended component unit, increased by \$5.5 million.
- ◆ The net position for the Waste Management fund, increased by \$6.7 million. The fund accounts for the annual operating expenses of the waste management functions, including recycling activities, waste collection, and disposal at the landfill.
- ◆ The Parking business activity reported a decrease of \$0.8 million in net position.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The following is a brief review of the budgetary changes from the original to the final budget (See budget to actual comparison in Exhibit 5):

- ◆ General fund departments continue to manage their budgets and expended \$47.0 million less than appropriated.
- ◆ Final budget amounts were often greater than original amounts due to the re-appropriation of prior year encumbrances which were completed in the current fiscal year. At year-end, Public Works and Communication and Information Technology had significant encumbrances (\$4.0 million and \$1.2 million, respectively) for pavement maintenance contracts deferred due to weather and timing of contracts with major software vendors.
- ◆ Significant positive variances were the result of the following:
  - ⇒ Human Services (\$7.7 million or 6.9%) - due to lower expenditures in personnel charges (\$4.7 million) and incurred for Foster Care For Family and Children programs (\$1.0 million).
  - ⇒ Public Works (\$5.8 million or 8.3%) - due to delay in completion of paving projects on major roads such as North Landing, Indian River, Virginia Beach Boulevard, and Great Neck Road. Work on these projects was impacted by weather and coordinating with Hampton Roads Sanitation District in the completion of projects.
  - ⇒ Communication and Information Technology (\$3.3 million or 12.9%) - due to savings of \$1.8 million in personnel charges and decreased software maintenance contracts. Some of the work previously contracted out for this type of work was done in-house.
  - ⇒ Education (\$12.3 million or 3.4%) - unexpended general fund funding which was returned at year-end.
  - ⇒ At the end of the fiscal year, unassigned fund balance for the general fund was \$97.0 million or 9.3% of next fiscal year's revenues, and is within City Council policy.

## CAPITAL ASSETS

During the current fiscal year, the City's investment in capital assets increased by \$98.2 million, or 2.3%, to a total of \$4,426.6 million (Table 3). This investment includes a broad range of capital assets (e.g. land, equipment, buildings, park facilities, roads, bridges, water and sewer lines, and construction in progress). Major capital projects completed and placed in service during the year included:

- ◆ Nimmo Parkway Phase V (\$38.0 million). This project was for the construction of a four-lane divided roadway on a six-lane right of way, with shared bike lanes, from Holland Road to the section of Nimmo Parkway previously constructed to provide access to the Princess Anne Community Recreation Center from General Booth Boulevard.
- ◆ Replacement of Bow Creek Recreation Center (\$25.3 million). This project funded the design and construction costs required to replace the Bow Creek Community Recreation Center and to relocate the golf course pro shop and motorized golf cart storage facilities on the current site.
- ◆ Oceana & Interfacility Traffic Area Conformity & Acquisition (\$17.7 million). This project purchased land, or interests in land, and otherwise facilitated the conversion of non-conforming property uses under the Navy's OpNav instruction to conforming uses in the APZ-1, Clear Zone, ITA and RAA areas surrounding NAS Oceana and NALF Fentress.
- ◆ Communications Infrastructure Replacement II (\$12.2 million). This project invested in communication infrastructure including radios, computer-aided dispatch workstations, transmitter sites, public safety vehicle mobile computer terminals, and various other types of communication hardware. This communication infrastructure also services multiple non-public safety agencies.
- ◆ Seaboard Road (\$6.0 million). This project was for the construction of a three-lane undivided highway from Princess Anne Road to Nimmo Parkway. This project also included an upgrade to the intersection of Princess Anne Road and Seaboard Road to include a new traffic signal.
- ◆ Princess Anne Road/Kempsville Road Intersection Improvement (\$5.8 million). This project provided funding to study, design, and reconstruct the Princess Anne Road/Kempsville Road/Witchduck Road intersection to increase the capacity of the intersection in order to meet future demands and to eliminate current congestion problems.

**Table 3**  
**Capital Assets**  
**(in Millions)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Non-Depreciable Assets:						
Land	\$ 1,004.4	\$ 990.9	\$ 164.7	\$ 165.7	\$ 1,169.1	\$ 1,156.6
Agriculture Reserve Program	41.8	41.5	-	-	41.8	41.5
Construction in Progress	156.0	124.7	39.5	11.2	195.5	135.9
Other Capital Assets:						
Infrastructure	2,154.4	2,097.3	-	-	2,154.4	2,097.3
Buildings	1,102.2	1,070.2	124.9	105.9	1,227.1	1,176.1
Machinery and Equipment	264.7	265.1	48.7	38.6	313.4	303.7
Utility System	-	-	1,238.8	1,209.9	1,238.8	1,209.9
Improvements	283.4	280.5	0.8	1.5	284.2	282.0
Less: Accumulated Depreciation	(1,671.8)	(1,583.2)	(525.9)	(491.4)	(2,197.7)	(2,074.6)
Totals	<u>\$ 3,335.1</u>	<u>\$ 3,287.0</u>	<u>\$ 1,091.5</u>	<u>\$ 1,041.4</u>	<u>\$ 4,426.6</u>	<u>\$ 4,328.4</u>

For detailed information on the City's capital asset activity, please refer to note 5 to the financial statements.

(continued)

- ◆ Sewer Pump Station Modifications Phase V (\$6.1 million). This project provided funding to upgrade or replace pump stations experiencing hydraulic and mechanical problems and stations subjected to corrosion and odor problems.
- ◆ Infiltration, Inflow and Rehabilitation Phase V (\$3.5 million). This project provided funding for the design, renewal and replacement of deteriorated sanitary sewer lines which permitted significant inflow or infiltration of surface or groundwater into the wastewater collection system.
- ◆ Sanitary Sewer System Revitalization Program Phase II (\$2.8 million). This program corrected defects in the wastewater collection system identified through the Sanitary Sewer Regulatory Compliance Program project 6-804.

Construction in progress expenditures for the fiscal year totaled \$199.6 million for general government, \$34.1 million for water/sewer and \$20.1 million for storm water projects. Major expenditures include funding for the replacement of the current Lesner Bridge with a facility that is capable of handling six lanes of traffic in the future (\$22.4 million), the acquisition of parcels of land as part of the six-year program to protect NAS Oceana and NALF Fentress from encroaching development (\$17.7 million), and the on-going replacement of communication infrastructure including radios, computer-aided dispatch workstations, transmitter sites, public safety vehicle mobile computer terminals, and various other types of communication hardware (\$12.2 million).

## LONG TERM DEBT

At the end of the current fiscal year, the City had \$1,305.6 million in bonds and notes outstanding and \$544.9 million in other liabilities for a total of \$1,850.5 in long term liabilities (Table 4).

The state constitution limits the amount of general obligation debt a governmental entity may issue to 10% of the total assessed value of real property. At the end of the fiscal year, the City's assessed value of real property was \$51.4 billion, which makes the City's debt less than the current debt limitation of \$5.1 billion.

For the sixth year in a row, the City obtained the highest possible bond rating of triple-A from the three major ratings agencies, Fitch, Moody's and Standard & Poor's. Continuing to benefit from these outstanding credit ratings, the City was

**Table 4**  
**Long Term Liabilities**  
**(in Millions)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
General Obligation Bond	\$ 652.4	\$ 667.4	\$ -	\$ -	\$ 652.4	\$ 667.4
Public Facility Revenue Bonds	285.4	258.9	83.4	89.3	368.8	348.2
Revenue Bonds	-	-	239.8	226.4	239.8	226.4
State Literary Fund Loans	2.8	3.5	-	-	2.8	3.5
Agriculture Reserve Program	41.8	41.5	-	-	41.8	41.5
Sub-total	<u>982.4</u>	<u>971.3</u>	<u>323.2</u>	<u>315.7</u>	<u>1,305.6</u>	<u>1,287.0</u>
Other Long-Term Liabilities:						
Premium/Discount on Bonds Sold	99.0	83.8	8.8	9.2	107.8	93.0
Accrued Compensated Leave*	42.3	43.0	4.8	3.7	47.1	46.7
Net Pension Liability	298.9	391.6	34.9	45.7	333.8	437.3
Estimated Claims & Judgments	30.9	25.5	-	-	30.9	25.5
Landfill Closure & Post-closure Care	25.3	29.5	-	-	25.3	29.5
	<u>496.4</u>	<u>573.4</u>	<u>48.5</u>	<u>58.6</u>	<u>544.9</u>	<u>632.0</u>
Totals	<u>\$ 1,478.8</u>	<u>\$ 1,544.7</u>	<u>\$ 371.7</u>	<u>\$ 374.3</u>	<u>\$ 1,850.5</u>	<u>\$ 1,919.0</u>

\* Adjusted for the reclassification of Waste Management to an enterprise fund.

(continued)

able to obtain an extremely low interest rate of 2.62% when it issued \$51.3 million in new General Obligation Public Improvement Bonds (GOPI). The bonds proceeds were used to fund various city projects, including construction of Nimmo Parkway, the Lesner Bridge, the Town Center and Blackwater fire stations, and renovations to City and School buildings. It refunded \$56.5 million of GOPI bonds to achieve debt service saving of \$8.8 million over 14 years. The City also issued \$48.2 million in Public Facility Revenue Bonds (PFRB), and refinanced \$34.9 million, to achieve debt service savings of \$3.1 million over the next 12 years. PFRB proceeds were used to fund several capital projects such as the modernization of the Bow Creek Community Recreation Center, improvements to Pacific Avenue, replacement of public safety communication infrastructure, and modernization of the Old Donation Center for gifted students. In addition, the City issued \$23.5 million in Storm Water Utility Revenue Bonds to finance improvements, extensions, additions, and replacements to the utility system.

Estimated claims and judgments reflect estimated unpaid losses and ALAE (allocated loss adjustment expenses) as of the end of the year. The projected liability by line of business consists of 93.3% for workers compensation, 3.9% for general liability, and 2.8% for automobile liability.

Landfill closure and post-closure care liability decreased \$4.2 million during the current fiscal year. The primary difference between the current year estimate and prior year is that it is assumed that the West Slope of Phase I is capped.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's strong financial management and conservative budgeting practices allow the City to continue its commitment to the citizens of Virginia Beach during challenging economic times. During the fiscal year, the City's economic performance improved. In September 2015, the unemployment rate was 4.1% for Virginia Beach, 4.6% for the MSA, 4.1% for the state, and 4.9% for the U.S., all lower than the previous year. Virginia Beach's unemployment rate is significantly lower than the other cities in Hampton Roads.

The per capita income for Virginia Beach was \$50,662 in 2013 (most recent information available), which was 3.7% greater than the per capita income for the state at \$48,838, and 13.2% greater than the nation's at \$44,765 (U.S. Bureau of Economic Analysis). The Virginia Beach median household income in 2014 increased 9.5% to \$68,816 from 2013; however, it is greater than the national median household income by 22.0%.

Tourism is a major industry for the City of Virginia Beach. It is one of the most popular tourist destination of the East Coast, hosting 6 million overnight visitors annually in 2014. Virginia Beach achieved another record year for tourism for the current fiscal year and has seen increases every year since 2009, despite sequestration and the declines in the national economy during the previous few years. Hotel and restaurant sales for the fiscal year were the highest on record. For the last five calendar years, Virginia Beach has increased the number of jobs supported by tourism.

The 2015-16 budget adopted the following changes:

- ◆ The 2015-16 combined operating budgets for City and Schools total \$1.9 billion, represent a 2.2% overall increase over the 2014-15 adjusted budget. The total budget supports \$1,018.9 million in City programs and \$853.3 million in School programs. The funding provided by the City to the School system totals \$370.9 million and includes \$32.3 million of dedicated real estate tax. The City allocates funding to Schools via a revenue sharing formula. This increase will also provide for pay increases of 4% to City and School employees (includes the 1% mandated VRS increase).
- ◆ Real Estate tax rate increase of 6.0 cents from 93.0 cents to 99.0 cents per \$100 of assessed value to generate \$47.3 million in additional revenue to support City and School programming along with capital projects (\$30.7 million) and to support \$16.6 million in other City programs. In the 2012-13 fiscal year, the City dedicated 4.0 cents of the 6.0 cents of the real estate tax increase to the School Board. In the 2015-16, the City's increased this to 6.31 cents of real estate taxes.
- ◆ Hotel tax rate increase of \$1 per night with a sunset provision after five years to support Tourism projects.

- ◆ Increase in the cigarette tax of 5.0 cents per pack to fund the City's biomedical initiative.
- ◆ Change of the dedication of the restaurant meal tax to the Open Space Program from 0.44% to 0.22% and the dedication to the Agricultural Reserve Program from 0.9 cents of the real estate tax to 0.56 cents, both to support the multi-modal transportation projects.
- ◆ Various increases in the Water and Sewer fund for the installation of water meters.
- ◆ Various small increases in fees for the services provided by several departments such as Parks and Recreation, Planning, and Strategic Growth Area.
- ◆ The fiscal year 2016-2021 Adopted Capital Improvement Program (CIP) established a six year programmed funding totaling \$1.5 billion. The program provides scheduled funding for the construction of projects for utilities (\$375.0 million), schools (\$223.5 million), and roadways (\$473.9 million). The CIP includes \$78.5 million in funding for infrastructure improvements to support the construction of a new arena.

## **REQUEST FOR INFORMATION**

This report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, City of Virginia Beach, Municipal Center, Virginia Beach, Virginia 23456, telephone 757-385-4508, or visit the City's web site at [www.vbgov.com](http://www.vbgov.com).

# **BASIC FINANCIAL STATEMENTS**



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Community Development Corporation
<b>ASSETS</b>					
Cash and Investments	\$ 165,174,677	\$ 153,094,577	\$ 318,269,254	\$ 116,552,967	\$ 1,127,186
Restricted Cash & Cash Equivalents	352,385,447	98,824,369	451,209,816	-	-
Receivables (net)	58,674,905	33,948,291	92,623,196	864,558	2,949,650
Due from Other Governments	95,786,825	12,272	95,799,097	29,858,247	367,266
Internal Balances	(3,007,615)	3,007,615	-	-	-
Inventories	1,376,466	2,240,839	3,617,305	486,640	1,518,704
Other Assets	438,478	-	438,478	1,100,793	1,291,923
Land Held for Resale	-	22,530,172	22,530,172	-	-
Capital assets (net of accumulated depreciation):					
Land and Improvements	1,046,179,915	164,726,921	1,210,906,836	39,670,603	7,977,302
Buildings and Improvements	843,820,583	94,056,294	937,876,877	376,101,264	17,606,580
Improvements other than Buildings	200,680,096	506,685	201,186,781	23,874,536	-
Machinery and Equipment	82,206,123	16,636,317	98,842,440	35,240,780	32,804
Infrastructure	1,006,256,732	776,147,394	1,782,404,126	-	-
Construction in Progress	156,000,060	39,403,183	195,403,243	26,318,706	-
Total Capital Assets	\$ 3,335,143,509	\$ 1,091,476,794	\$ 4,426,620,303	\$ 501,205,889	\$ 25,616,686
Total Assets	\$ 4,005,972,692	\$ 1,405,134,929	\$ 5,411,107,621	\$ 650,069,094	\$ 32,871,415
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Employer Contributions Subsequent to the Measurement Date	\$ 43,782,258	\$ 5,109,143	\$ 48,891,401	\$ 59,591,000	\$ -
Debt Refundings Resulting in Loss Transactions	5,017,922	951,465	5,969,387	-	-
Total Deferred Outflows of Resources	\$ 48,800,180	\$ 6,060,608	\$ 54,860,788	\$ 59,591,000	\$ -
<b>LIABILITIES</b>					
Accounts Payable	\$ 48,685,044	\$ 20,857,879	\$ 69,542,923	\$ 15,850,461	\$ 206,747
Accrued Liabilities	12,088,529	6,283,229	18,371,758	64,988,507	142,098
Due to Other Governments	329,747	-	329,747	116,657	-
Long-term Liabilities:					
Due Within One Year	123,057,198	20,728,407	143,785,605	22,377,682	886,922
Due in More Than One Year	1,355,778,040	350,918,827	1,706,696,867	649,475,642	15,352,252
Total Liabilities	\$ 1,539,938,558	\$ 398,788,342	\$ 1,938,726,900	\$ 752,808,949	\$ 16,588,019
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 77,606,298	\$ 9,056,163	\$ 86,662,461	\$ 117,741,000	\$ -
Property Taxes Levied for Subsequent Year	6,411,667	-	6,411,667	-	-
Debt Refundings Resulting in Gain Transactions	6,541,014	1,541,238	8,082,252	-	-
Total Deferred Inflows of Resources	\$ 90,558,979	\$ 10,597,401	\$ 101,156,380	\$ 117,741,000	\$ -
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 2,252,154,557	\$ 758,928,371	\$ 3,011,082,928	\$ 501,205,889	\$ 10,927,397
Restricted for:					
Capital Projects	299,316,329	58,860,864	358,177,193	-	-
Future Debt Service	29,025,375	24,550,670	53,576,045	-	-
Special Projects	15,333,718	-	15,333,718	29,933,547	-
Water and Sewer Fund Operations	-	113,484,962	113,484,962	-	-
Storm Water Fund Operations	-	20,053,009	20,053,009	-	-
Waste Management Operations	-	(4,591,861)	(4,591,861)	-	-
Unrestricted (Deficit)	(171,554,644)	30,523,779	(141,030,865)	(692,029,291)	5,355,999
Total Net Position	\$ 2,424,275,335	\$ 1,001,809,794	\$ 3,426,085,129	\$ (160,889,855)	\$ 16,283,396

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
Legislative	\$ 1,186,251	\$ -	\$ -	\$ -
Executive	2,621,111	122	-	-
Law	3,776,063	3,478	-	-
Finance	17,241,258	1,748,386	1,368,625	-
Human Resources	11,031,258	-	-	-
Judicial	54,160,608	3,735,209	23,243,718	-
Health	3,215,269	-	132,950	-
Police	96,431,059	3,854,581	603,970	-
Human Services	110,140,108	25,615,214	55,675,807	-
Public Works	151,146,960	2,766,927	38,802,967	5,148,393
Parks & Recreation	46,372,607	14,974,524	6,223,548	-
Library	17,581,450	789,508	242,523	-
Planning	9,963,622	5,226,904	-	-
Agriculture	1,249,439	72,725	-	-
Economic Development	1,624,276	-	-	-
Convention & Visitor Development	29,153,694	5,270,419	24,000	-
Communications & Information Technology	33,630,014	1,936,401	-	-
Emergency Communications and Citizen Services	8,750,026	141,594	-	-
Boards and Commissions	29,450,284	1,170	80,953	-
Fire	49,680,380	404,789	2,888,764	-
Management Services	1,420,917	-	-	-
Education	390,015,055	-	-	-
Housing & Neighborhood Preservation	26,348,557	2,300,624	21,309,511	-
Museums	10,704,799	8,343,814	1,077,948	-
Emergency Medical Services	10,028,682	12,450	597,758	-
Strategic Growth Area	1,102,864	244,405	-	-
General Government	2,095,946	7,480,645	14,826,941	44,761,856
Interest and Fiscal Charges	33,395,513	-	-	-
Total Governmental Activities	<u>1,153,518,070</u>	<u>84,923,889</u>	<u>167,099,983</u>	<u>49,910,249</u>
Business-type Activities:				
Water and Sewer	110,779,437	122,609,520	45,214	6,709,065
Stormwater	22,908,803	39,048,824	-	704,005
Development Authority	11,025,011	4,665,161	-	-
Waste Management	41,907,754	43,457,679	45,023	-
Parking	4,419,983	4,535,524	-	-
Total Business-type Activities	<u>191,040,988</u>	<u>214,316,708</u>	<u>90,237</u>	<u>7,413,070</u>
Total Primary Government	<u>\$ 1,344,559,058</u>	<u>\$ 299,240,597</u>	<u>\$ 167,190,220</u>	<u>\$ 57,323,319</u>
<b>Component Units:</b>				
Virginia Beach Community Development Corporation	\$ 6,197,813	\$ 3,066,887	\$ 2,066,061	\$ -
Virginia Beach School Board	781,664,621	14,549,928	141,961,728	-
Total Component Units	<u>\$ 787,862,434</u>	<u>\$ 17,616,815</u>	<u>\$ 144,027,789</u>	<u>\$ -</u>
General Revenues:				
Taxes:				
General Property Taxes - Real Estate and Personal Property				
Sales				
Utility				
Business Licenses				
Meal				
City Tax on Deeds and Wills				
Cigarette				
Automobile Licenses				
Amusement				
Lodging				
Franchise, Bank Stock and Transient Occupancy				
Total City Taxes				
Payment from City of Virginia Beach				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning - Restated				
Net Position - Ending				

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	Community Development Corporation
\$ (1,186,251)	\$ -	\$ (1,186,251)	\$ -	\$ -
(2,620,989)	-	(2,620,989)	-	-
(3,772,585)	-	(3,772,585)	-	-
(14,124,247)	-	(14,124,247)	-	-
(11,031,258)	-	(11,031,258)	-	-
(27,181,681)	-	(27,181,681)	-	-
(3,082,319)	-	(3,082,319)	-	-
(91,972,508)	-	(91,972,508)	-	-
(28,849,087)	-	(28,849,087)	-	-
(104,428,673)	-	(104,428,673)	-	-
(25,174,535)	-	(25,174,535)	-	-
(16,549,419)	-	(16,549,419)	-	-
(4,736,718)	-	(4,736,718)	-	-
(1,176,714)	-	(1,176,714)	-	-
(1,624,276)	-	(1,624,276)	-	-
(23,859,275)	-	(23,859,275)	-	-
(31,693,613)	-	(31,693,613)	-	-
(8,608,432)	-	(8,608,432)	-	-
(29,368,161)	-	(29,368,161)	-	-
(46,386,827)	-	(46,386,827)	-	-
(1,420,917)	-	(1,420,917)	-	-
(390,015,055)	-	(390,015,055)	-	-
(2,738,422)	-	(2,738,422)	-	-
(1,283,037)	-	(1,283,037)	-	-
(9,418,474)	-	(9,418,474)	-	-
(858,459)	-	(858,459)	-	-
64,973,496	-	64,973,496	-	-
(33,395,513)	-	(33,395,513)	-	-
(851,583,949)	-	(851,583,949)	-	-
-	18,584,362	18,584,362	-	-
-	16,844,026	16,844,026	-	-
-	(6,359,850)	(6,359,850)	-	-
-	1,594,948	1,594,948	-	-
-	115,541	115,541	-	-
-	30,779,027	30,779,027	-	-
<u>\$ (851,583,949)</u>	<u>\$ 30,779,027</u>	<u>\$ (820,804,922)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ (1,064,865)
-	-	-	(625,152,965)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (625,152,965)</u>	<u>\$ (1,064,865)</u>
\$ 574,064,411	\$ -	\$ 574,064,411	\$ -	\$ -
58,521,297	-	58,521,297	-	-
44,724,955	-	44,724,955	-	-
45,155,698	-	45,155,698	-	-
59,693,981	-	59,693,981	-	-
7,044,958	-	7,044,958	-	-
12,983,847	-	12,983,847	-	-
9,048,539	-	9,048,539	-	-
6,001,024	-	6,001,024	-	-
28,216,513	-	28,216,513	-	-
11,460,710	-	11,460,710	-	-
856,915,933	-	856,915,933	-	-
-	-	-	378,687,744	-
53,412,868	-	53,412,868	257,700,133	-
3,956,635	660,764	4,617,399	104,798	182,714
14,876,713	(478,876)	14,397,837	842,365	559,915
(15,850,873)	15,850,873	-	-	-
913,311,276	16,032,761	929,344,037	637,335,040	742,629
61,727,327	46,811,788	108,539,115	12,182,075	(322,236)
2,362,548,008	954,998,006	3,317,546,014	(173,071,930)	16,605,632
<u>\$ 2,424,275,335</u>	<u>\$ 1,001,809,794</u>	<u>\$ 3,426,085,129</u>	<u>\$ (160,889,855)</u>	<u>\$ 16,283,396</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 103,108,234	\$ -	\$ 41,584,095	\$ 144,692,329
Cash and Investments - Restricted	12,299,308	295,566,867	44,519,272	352,385,447
Cash Advances	204,032	-	-	204,032
Receivables (net of allowance for uncollectibles, where applicable):				
Property Tax	37,110,732	-	-	37,110,732
Accounts	1,501,993	-	584,346	2,086,339
Loans	6,545,019	-	6,453,867	12,998,886
Due from:				
Other Funds	1,676,770	-	-	1,676,770
Other Governments	68,707,289	25,091,144	1,988,392	95,786,825
Inventories	548,842	-	-	548,842
Total Assets	<u>\$ 231,702,219</u>	<u>\$ 320,658,011</u>	<u>\$ 95,129,972</u>	<u>\$ 647,490,202</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	\$ 26,001,694	\$ 16,498,322	\$ 4,160,771	\$ 46,660,787
Deposits Payable	3,537,656	-	-	3,537,656
Due to Other Funds	-	-	250,592	250,592
Intergovernmental Payables	312,198	4,843,360	-	5,155,558
Unearned Revenue	511,762	-	150,533	662,295
Total Liabilities	<u>\$ 30,363,310</u>	<u>\$ 21,341,682</u>	<u>\$ 4,561,896</u>	<u>\$ 56,266,888</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable Revenue - Housing Loans	\$ -	\$ -	\$ 493,950	\$ 493,950
Unavailable Revenue - Property Taxes	37,517,328	-	-	37,517,328
Total Deferred Inflows of Resources	<u>\$ 37,517,328</u>	<u>\$ -</u>	<u>\$ 493,950</u>	<u>\$ 38,011,278</u>
<b><u>FUND BALANCES</u></b>				
Nonspendable:				
Inventories	\$ 548,842	\$ -	\$ -	\$ 548,842
Loans Receivable	6,545,019	-	6,453,867	12,998,886
Restricted for:				
Special Revenue Funds	-	-	7,852,953	7,852,953
Debt Service	-	-	29,025,375	29,025,375
Comprehensive Services Board	1,080,998	-	-	1,080,998
Committed to:				
Education	12,299,308	-	-	12,299,308
Special Revenue Funds	-	-	38,086,617	38,086,617
Capital Improvement Program:				
Engineering and Highways	-	105,093,517	-	105,093,517
Buildings	-	27,034,625	-	27,034,625
Parks and Recreation	-	27,136,984	-	27,136,984
Coastal	-	4,332,102	-	4,332,102
Economic and Tourism	-	22,225,381	-	22,225,381
General Government	-	113,493,720	-	113,493,720
Assigned to:				
Communications & Information Technology	1,157,846	-	-	1,157,846
Education	14,894,051	-	-	14,894,051
General Government	30,290,584	-	-	30,290,584
Special Revenue Funds	-	-	9,047,083	9,047,083
Unassigned	97,004,933	-	(391,769)	96,613,164
Total Fund Balances	<u>\$ 163,821,581</u>	<u>\$ 299,316,329</u>	<u>\$ 90,074,126</u>	<u>\$ 553,212,036</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 231,702,219</u>	<u>\$ 320,658,011</u>	<u>\$ 95,129,972</u>	<u>\$ 647,490,202</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA  
RECONCILIATION OF BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

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Total Fund Balances - Governmental funds (Exhibit 3)	\$	553,212,036
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		3,333,840,222
Other long-term assets are not available to pay for current period expenditures and therefore are offset by unearned revenue in the governmental funds.		49,260,293
Deferred Inflows and Outflows of Resources used to reflect deferred gains and losses on debt refunding bonds are not reported in the governmental funds.		(535,265)
Deferred Inflows and Outflows of Resources used to reflect differences between expected and actual earnings on pension plan investments are not reported in the governmental funds.		(33,076,574)
Deferred Inflows of Resources used to reflect Property Taxes Levied in current year for subsequent year.		(6,411,667)
Internal Service Funds are used by management to charge the costs of printing services, risk management, information technology, and city garage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. (Exhibit 1)		(18,775,622)
Services provided by the general government to business-type activities are not included in the entity-wide statements. The elimination decreases net position.		(1,476,920)
Internal service fund amounts payable to the general government are eliminated from the Statement of Net Position. However, the amount due from business-type activities for the Internal Service Funds loss charge back is included.		(1,726,412)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		

General Obligation Bonds	\$	652,395,842	
Net Pension Liability		291,703,818	
State Literary Fund Loans		2,875,000	
Accrued Interest on Bonds Sold		9,985,092	
Agriculture Reserve Strips		41,808,934	
Public Facility Revenue Bonds		285,374,298	
Premium on Bonds Sold		99,011,787	
Compensated Absences (annual and sick leave)		41,565,173	
Landfill Closure and Post-Closure Care		25,314,812	
			(1,450,034,756)

Total Net Position - Governmental Activities (Exhibit 1)	\$	2,424,275,335
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**The accompanying notes are an integral part of the financial statements.**

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
General Property Taxes:				
Real Estate property taxes	\$ 443,707,787	\$ -	\$ 38,066,405	\$ 481,774,192
Personal property taxes	90,898,635	-	-	90,898,635
Other Local Taxes	230,149,185	-	51,123,589	281,272,774
Fines and Forfeitures	6,893,839	-	465,246	7,359,085
Permits, Privilege Fees, and Regulatory Licenses	5,138,080	-	-	5,138,080
From Use of Money and Property	5,658,510	101,835	3,946,006	9,706,351
Charges for Services	54,550,938	-	18,014,648	72,565,586
Miscellaneous	4,890,797	3,514,990	3,529,676	11,935,463
From Other Local Governments	49,077	-	-	49,077
From Commonwealth	147,816,267	29,866,928	21,526,697	199,209,892
From Federal Government	19,436,950	14,894,928	30,895,789	65,227,667
Total Revenues	<u>\$ 1,009,190,065</u>	<u>\$ 48,378,681</u>	<u>\$ 167,568,056</u>	<u>\$ 1,225,136,802</u>
<b>EXPENDITURES</b>				
Current Operating:				
Legislative	\$ 1,208,704	\$ -	\$ -	\$ 1,208,704
Executive	2,615,031	-	-	2,615,031
Law	3,919,348	-	-	3,919,348
Finance	17,815,815	-	-	17,815,815
Human Resources	11,174,602	-	-	11,174,602
Judicial	13,764,333	-	41,634,658	55,398,991
Health	3,213,191	-	-	3,213,191
Police	93,585,537	-	674,040	94,259,577
Human Services	103,981,434	-	8,525,395	112,506,829
Public Works	63,686,224	-	15,000	63,701,224
Parks and Recreation	13,599,737	-	33,373,564	46,973,301
Library	17,337,750	-	280,421	17,618,171
Planning	9,873,045	-	1,150	9,874,195
Agriculture	760,840	-	2,742,487	3,503,327
Economic Development	3,037,408	-	-	3,037,408
Convention and Visitor Development	8,573,209	-	42,220,199	50,793,408
Communications and Information Technology	22,008,128	-	-	22,008,128
Emergency Communications and Citizen Services	8,985,752	-	-	8,985,752
Boards and Commissions	35,603,080	-	-	35,603,080
Strategic Growth Area	1,136,261	-	-	1,136,261
Fire	47,037,716	-	2,174,346	49,212,062
Management Services	1,526,664	-	-	1,526,664
Development Authority	-	-	400,429	400,429
Education	353,662,961	29,935,370	-	383,598,331
Housing and Neighborhood Preservation	1,781,009	-	24,709,639	26,490,648
Museums	11,435,283	-	-	11,435,283
General Government	-	-	11,482,238	11,482,238
Emergency Medical Services	8,945,039	-	563,712	9,508,751
Capital Outlay	-	169,666,250	-	169,666,250
Debt Service:				
Principal Retirement	30,832,497	-	30,689,947	61,522,444
Interest and Fiscal Charges	17,002,340	-	15,245,683	32,248,023
Total Expenditures	<u>\$ 908,102,938</u>	<u>\$ 199,601,620</u>	<u>\$ 214,732,908</u>	<u>\$ 1,322,437,466</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 101,087,127</u>	<u>\$ (151,222,939)</u>	<u>\$ (47,164,852)</u>	<u>\$ (97,300,664)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 7,480,088	\$ 61,749,180	\$ 72,966,488	\$ 142,195,756
Transfers Out	(116,987,002)	-	(27,202,249)	(144,189,251)
Issuance of Debt	-	99,540,000	-	99,540,000
Premium on Bonds Sold	374,793	9,991,162	18,579,224	28,945,179
Issuance of Refunding Bonds	-	-	81,978,607	81,978,607
Payment to Refunding Bonds Escrow Agent	-	-	(99,959,176)	(99,959,176)
Agriculture Reserve Agreement	-	-	344,842	344,842
Total Other Financing Sources (Uses)	<u>\$ (109,132,121)</u>	<u>\$ 171,280,342</u>	<u>\$ 46,707,736</u>	<u>\$ 108,855,957</u>
Net Change in Fund Balance	(8,044,994)	20,057,403	(457,116)	11,555,293
Fund Balance at Beginning of Year - As Reclassified	171,866,575	279,258,926	90,531,242	541,656,743
Fund Balance at End of Year	<u>\$ 163,821,581</u>	<u>\$ 299,316,329</u>	<u>\$ 90,074,126</u>	<u>\$ 553,212,036</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

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Net Change in fund balance - total governmental funds (Exhibit 4)	\$	11,555,293
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Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This and the net effect of various other transactions involving capital assets increased net position.

General Government Capital Outlay Expenditures	\$	177,298,430	
General Government Expenditures		(10,595,469)	
Non-Capitalizable Capital Outlay Expenditures		(11,517,104)	
Depreciation on General Government Assets		(99,256,473)	
Contribution of Assets to General Government		5,148,393	
Transfer of Assets to Business-Type Activities		(4,289,637)	
Loss on Disposition of Assets		(6,552,619)	50,235,521

Revenues in the fund statements which were subject to accrual in the prior year are additions to beginning net position and, therefore, are not reported as revenues in the Statement of Activities.		2,111,812
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The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(15,946,332)
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Certain net expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	\$	(445,009)	
Pension Expense		17,445,931	17,000,922

Internal Service Funds are used by management to charge the costs of fleet management and management systems to individual funds and customers. Losses arising from the internal customers are added as expenditures on the Statement of Activities as charge backs. Revenues and expenditures with outside customers are included also, as are non-operating revenues and expenses. This amount is the effect of reporting internal service funds with governmental activities.		(3,229,889)
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Change in net position of governmental activities (Exhibit 2)	\$	61,727,327
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**The accompanying notes are an integral part of the financial statements.**

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
General Property Taxes:				
Real Estate property taxes	\$ 443,222,611	\$ 443,142,611	\$ 443,707,787	\$ 565,176
Personal property taxes	83,749,108	83,749,108	90,898,635	7,149,527
Other Local Taxes	235,926,533	235,926,533	230,149,185	(5,777,348)
Permits, Privilege Fees, and Regulatory Licenses	4,891,928	4,891,928	5,138,080	246,152
Fines and Forfeitures	6,706,205	6,706,205	6,893,839	187,634
From Use of Money and Property	5,535,279	5,550,279	5,658,510	108,231
Charges for Services	57,055,560	57,185,397	54,550,938	(2,634,459)
Miscellaneous	4,716,805	4,740,397	4,890,797	150,400
From Other Local Governments	98,153	98,153	49,077	(49,076)
From Commonwealth	148,954,043	150,722,650	147,816,267	(2,906,383)
From Federal Government	19,144,339	19,144,339	19,436,950	292,611
Total Revenues	<u>\$ 1,010,000,564</u>	<u>\$ 1,011,857,600</u>	<u>\$ 1,009,190,065</u>	<u>\$ (2,667,535)</u>
<b><u>EXPENDITURES</u></b>				
Legislative	\$ 1,113,259	\$ 1,221,119	\$ 1,208,704	\$ 12,415
Executive	2,825,204	2,867,651	2,615,031	252,620
Law	4,084,871	4,178,308	3,919,348	258,960
Finance	18,152,250	18,789,293	17,815,815	973,478
Human Resources	12,763,182	12,826,954	11,174,602	1,652,352
Judicial	14,487,241	15,080,161	13,764,333	1,315,828
Health	3,190,101	3,250,609	3,213,191	37,418
Police	95,679,304	96,590,790	93,585,537	3,005,253
Human Services	109,600,169	111,665,746	103,981,434	7,684,312
Public Works	67,339,842	69,478,693	63,686,224	5,792,469
Parks and Recreation	13,655,605	14,128,268	13,599,737	528,531
Library	17,656,624	18,438,168	17,337,750	1,100,418
Planning	10,288,461	10,600,412	9,873,045	727,367
Agriculture	815,543	830,488	760,840	69,648
Economic Development	3,059,915	3,436,440	3,037,408	399,032
Convention and Visitor Development	9,212,303	9,371,773	8,573,209	798,564
Communications and Information Technology	23,072,926	25,276,251	22,008,128	3,268,123
Emergency Communications and Citizen Services	10,325,988	10,361,335	8,985,752	1,375,583
Boards and Commissions	35,563,540	37,535,965	35,603,080	1,932,885
Strategic Growth Area	1,165,268	1,217,758	1,136,261	81,497
Fire	47,519,420	47,828,760	47,037,716	791,044
Management Services	1,613,438	1,633,604	1,526,664	106,940
Education	409,608,424	365,979,494	353,662,961	12,316,533
Housing and Neighborhood Preservation	1,801,299	1,946,939	1,781,009	165,930
Museums	11,457,390	13,077,545	11,435,283	1,642,262
Emergency Medical Services	9,217,994	9,210,427	8,945,039	265,388
Debt Service:				
Principal Retirement	31,916,405	31,916,405	30,832,497	1,083,908
Interest and Fiscal Charges	16,358,032	16,358,032	17,002,340	(644,308)
Total Expenditures	<u>\$ 983,543,998</u>	<u>\$ 955,097,388</u>	<u>\$ 908,102,938</u>	<u>\$ 46,994,450</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 26,456,566</u>	<u>\$ 56,760,212</u>	<u>\$ 101,087,127</u>	<u>\$ 44,326,915</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 472,826	\$ 7,480,088	\$ 7,480,088	\$ -
Transfers Out	(110,624,405)	(116,994,681)	(116,987,002)	7,679
Premium on Refunding Bonds Sold	-	-	374,793	374,793
Total Other Financing Sources (Uses)	<u>\$ (110,151,579)</u>	<u>\$ (109,514,593)</u>	<u>\$ (109,132,121)</u>	<u>\$ 382,472</u>
Net Change in Fund Balance	(83,695,013)	(52,754,381)	(8,044,994)	44,709,387
Fund Balance at Beginning of Year - As Reclassified	171,866,575	171,866,575	171,866,575	-
Fund Balance at End of Year	<u>\$ 88,171,562</u>	<u>\$ 119,112,194</u>	<u>\$ 163,821,581</u>	<u>\$ 44,709,387</u>

The accompanying notes are an integral part of the financial statements.



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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water and Sewer</b>	<b>Storm Water</b>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and Investments	\$ 116,299,082	\$ 23,326,562
Accounts Receivable - Net	18,993,647	6,373,837
Intergovernmental Receivables	12,272	-
Inventory	2,240,839	-
Total Current Assets	<u>\$ 137,545,840</u>	<u>\$ 29,700,399</u>
Noncurrent Assets:		
Cash and Investments - Restricted	50,140,604	46,785,409
Land Held for Resale	-	-
Capital Assets:		
Land	12,870,320	131,399,341
Site Improvements	-	-
Buildings	4,232,809	-
Utility System	1,037,365,461	201,475,511
Construction in Progress	17,607,600	21,795,583
Machinery and Equipment	28,744,421	12,804,816
Less: Accumulated Depreciation	(435,960,163)	(58,903,047)
Total Capital Assets	<u>\$ 664,860,448</u>	<u>\$ 308,572,204</u>
Total Noncurrent Assets	<u>\$ 715,001,052</u>	<u>\$ 355,357,613</u>
Total Assets	<u>\$ 852,546,892</u>	<u>\$ 385,058,012</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Debt Refundings Resulting in Loss Transactions	\$ -	\$ -
Support and Maintenance	-	-
FY15 VRS Employer Contributions	3,066,273	1,031,151
Total Deferred Outflows of Resources	<u>\$ 3,066,273</u>	<u>\$ 1,031,151</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities:		
Vouchers and Accounts Payable	\$ 3,434,231	\$ 568,414
Deposits Payable	140,585	-
Accrued Interest Payable	2,882,376	219,149
Construction Contracts Payable	4,370,678	4,344,246
Due to Other Funds	-	-
Advances from General Fund	-	-
Unearned Revenue	494,745	-
Current Portion of Long-term Liabilities	11,549,897	2,189,586
Total Current Liabilities	<u>\$ 22,872,512</u>	<u>\$ 7,321,395</u>
Long-term Liabilities (less current portion)	210,737,154	54,069,988
Total Liabilities	<u>\$ 233,609,666</u>	<u>\$ 61,391,383</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Debt Refundings Resulting in Gain Transactions	\$ -	\$ -
Net difference between Projected and Actual		
Earnings on Plan Investments	5,435,093	1,827,757
Total Deferred Inflows of Resources	<u>\$ 5,435,093</u>	<u>\$ 1,827,757</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	\$ 466,264,328	\$ 260,375,851
Restricted for:		
Capital Projects	19,813,271	39,047,593
Future Debt Service	17,005,845	3,393,570
Operations	113,484,962	20,053,009
Unrestricted (Deficit)	-	-
Total Net Position	<u>\$ 616,568,406</u>	<u>\$ 322,870,023</u>
Reconciling Items:		
Elimination of Internal Activities - Indirect Cost		
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		
Adjustment to reflect the consolidation of blended component unit activities as an enterprise fund		
Total Net Position of Business-type activities (Exhibit 1)		

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

Business-Type Activities - Enterprise Funds				Governmental Activities
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
\$ -	\$ 9,190,560	\$ 4,278,373	\$ 153,094,577	\$ 20,482,348
7,031,828	7,748,276	-	40,147,588	-
-	-	-	12,272	-
-	-	-	2,240,839	827,624
<u>\$ 7,031,828</u>	<u>\$ 16,938,836</u>	<u>\$ 4,278,373</u>	<u>\$ 195,495,276</u>	<u>\$ 21,309,972</u>
-	1,898,356	-	98,824,369	-
-	22,530,172	-	22,530,172	-
-	20,457,260	-	164,726,921	-
-	-	779,517	779,517	265,782
-	120,710,147	-	124,942,956	-
-	-	-	1,238,840,972	-
-	-	-	39,403,183	-
6,531,609	565,065	79,844	48,725,755	6,188,106
(2,009,185)	(28,717,439)	(352,676)	(525,942,510)	(5,150,601)
<u>\$ 4,522,424</u>	<u>\$ 113,015,033</u>	<u>\$ 506,685</u>	<u>\$ 1,091,476,794</u>	<u>\$ 1,303,287</u>
<u>\$ 4,522,424</u>	<u>\$ 137,443,561</u>	<u>\$ 506,685</u>	<u>\$ 1,212,831,335</u>	<u>\$ 1,303,287</u>
<u>\$ 11,554,252</u>	<u>\$ 154,382,397</u>	<u>\$ 4,785,058</u>	<u>\$ 1,408,326,611</u>	<u>\$ 22,613,259</u>
\$ -	\$ 951,465	\$ -	\$ 951,465	\$ -
-	-	-	-	234,446
960,662	-	51,057	5,109,143	1,053,010
<u>\$ 960,662</u>	<u>\$ 951,465</u>	<u>\$ 51,057</u>	<u>\$ 6,060,608</u>	<u>\$ 1,287,456</u>
\$ 1,906,646	\$ 5,593,621	\$ 731,827	\$ 12,234,739	\$ 2,024,257
-	-	-	140,585	-
-	1,099,961	-	4,201,486	-
-	-	-	8,714,924	-
1,426,178	-	-	1,426,178	-
-	-	-	-	-
-	20,235	-	514,980	-
684,289	6,284,634	20,001	20,728,407	6,901,429
<u>\$ 4,017,113</u>	<u>\$ 12,998,451</u>	<u>\$ 751,828</u>	<u>\$ 47,961,299</u>	<u>\$ 8,925,686</u>
<u>\$ 6,864,426</u>	<u>\$ 78,881,544</u>	<u>\$ 365,715</u>	<u>\$ 350,918,827</u>	<u>\$ 31,884,147</u>
<u>\$ 10,881,539</u>	<u>\$ 91,879,995</u>	<u>\$ 1,117,543</u>	<u>\$ 398,880,126</u>	<u>\$ 40,809,833</u>
\$ -	\$ 1,541,238	\$ -	\$ 1,541,238	\$ -
1,702,812	-	90,501	9,056,163	1,866,504
<u>\$ 1,702,812</u>	<u>\$ 1,541,238</u>	<u>\$ 90,501</u>	<u>\$ 10,597,401</u>	<u>\$ 1,866,504</u>
\$ 4,522,424	\$ 27,259,083	\$ 506,685	\$ 758,928,371	\$ 1,303,287
-	-	-	58,860,864	-
-	4,151,255	-	24,550,670	-
(4,591,861)	-	-	128,946,110	-
-	30,502,291	3,121,386	33,623,677	(20,078,909)
<u>\$ (69,437)</u>	<u>\$ 61,912,629</u>	<u>\$ 3,628,071</u>	<u>\$ 1,004,909,692</u>	<u>\$ (18,775,622)</u>
			2,174,119	
			(2,423,611)	
			(2,850,406)	
			<u>\$ 1,001,809,794</u>	

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water and Sewer</b>	<b>Storm Water</b>
<b><u>OPERATING REVENUES</u></b>		
Charges for Services	\$ 121,735,150	\$ 39,053,181
Insurance Recovery	-	-
Miscellaneous	447,765	99,344
Total Operating Revenues	<u>\$ 122,182,915</u>	<u>\$ 39,152,525</u>
<b><u>OPERATING EXPENSES</u></b>		
Cost of Goods Sold	\$ 23,770,632	\$ -
Personal Services	21,294,058	7,425,830
Fringe Benefits	6,766,991	2,139,394
Contractual Services	5,361,904	2,308,732
Internal Services	3,585,887	1,195,726
Other Charges	17,365,103	4,090,505
Leases and Rentals	-	-
Land Structure Maintenance	-	329,679
Depreciation	25,545,375	4,569,433
Total Operating Expenses	<u>\$ 103,689,950</u>	<u>\$ 22,059,299</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>\$ 18,492,965</u>	<u>\$ 17,093,226</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>		
From Commonwealth	\$ 45,214	\$ -
Interest Income	493,280	142,133
Gain (Loss) From Sale of Assets	74,247	(24,084)
Payment Under Support Agreement	-	-
Interest and Fiscal Agent Fees	(5,944,859)	(596,178)
Total Nonoperating Revenues (Expenses)	<u>\$ (5,332,118)</u>	<u>\$ (478,129)</u>
<b><u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u></b>	<u>\$ 13,160,847</u>	<u>\$ 16,615,097</u>
Capital Contributions	6,709,065	704,005
Transfers In	125,000	29,019
Transfers Out	-	-
<b><u>CHANGE IN NET POSITION</u></b>	<u>\$ 19,994,912</u>	<u>\$ 17,348,121</u>
Total Net Position at Beginning of Year - Restated	596,573,494	305,521,902
Total Net Position at End of Year	<u>\$ 616,568,406</u>	<u>\$ 322,870,023</u>

Reconciling Items:

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Change in Net Position of Business-type activities (Exhibit 2)

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

Business-Type Activities - Enterprise Funds				Governmental Activities	
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds	
\$ 42,560,263	\$ 5,172,219	\$ 4,521,700	\$ 213,042,513	\$ 41,772,603	
-	-	13,824	13,824	194,708	
881,490	276,567	-	1,705,166	23,701	
<u>\$ 43,441,753</u>	<u>\$ 5,448,786</u>	<u>\$ 4,535,524</u>	<u>\$ 214,761,503</u>	<u>\$ 41,991,012</u>	
\$ -	\$ -	\$ -	\$ 23,770,632	\$ 10,877,464	
6,617,616	-	340,558	35,678,062	6,919,487	
2,181,247	-	100,855	11,188,487	2,182,064	
23,200,313	2,374,643	1,623,460	34,869,052	3,099,615	
4,055,410	-	49,574	8,886,597	863,869	
3,127,514	2,252,863	316,872	27,152,857	24,826,096	
-	-	195,299	195,299	-	
-	-	-	329,679	-	
2,009,185	2,858,442	20,901	35,003,336	392,742	
<u>\$ 41,191,285</u>	<u>\$ 7,485,948</u>	<u>\$ 2,647,519</u>	<u>\$ 177,074,001</u>	<u>\$ 49,161,337</u>	
\$ 2,250,468	\$ (2,037,162)	\$ 1,888,005	\$ 37,687,502	\$ (7,170,325)	
\$ 45,023	\$ -	\$ -	\$ 90,237	\$ -	
-	15,932	9,419	660,764	74,552	
-	(578,220)	(1,763,509)	(2,291,566)	83,844	
-	9,970,109	(435,000)	9,535,109	-	
-	(3,539,063)	(244,972)	(10,325,072)	-	
<u>\$ 45,023</u>	<u>\$ 5,868,758</u>	<u>\$ (2,434,062)</u>	<u>\$ (2,330,528)</u>	<u>\$ 158,396</u>	
\$ 2,295,491	\$ 3,831,596	\$ (546,057)	\$ 35,356,974	\$ (7,011,929)	
4,289,637	1,624,500	-	13,327,207	-	
-	-	-	154,019	3,639,476	
-	-	(300,000)	(300,000)	(1,500,000)	
<u>\$ 6,585,128</u>	<u>\$ 5,456,096</u>	<u>\$ (846,057)</u>	<u>\$ 48,538,200</u>	<u>\$ (4,872,453)</u>	
(6,654,565)	56,456,533	4,474,128		(13,903,169)	
<u>\$ (69,437)</u>	<u>\$ 61,912,629</u>	<u>\$ 3,628,071</u>		<u>\$ (18,775,622)</u>	
				(1,726,412)	
				<u>\$ 46,811,788</u>	

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water and Sewer</b>	<b>Storm Water</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Receipts from Customers and Users	\$ 119,756,954	\$ 38,684,230
Receipts from (Payments for) Interfund Services Provided	4,484,324	-
Other Operating Cash Receipts	447,765	99,344
Cash Payments to Suppliers of Goods and Services	(50,488,692)	(7,902,647)
Cash Payments to Employees for Services	(29,315,904)	(9,861,400)
Cash Payments for Quasi-External Other Operating	-	-
Net Cash Provided (Used) By Operating Activities	<u>\$ 44,884,447</u>	<u>\$ 21,019,527</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>		
Intergovernmental Receipts	\$ 45,214	\$ -
Receipts from Other Funds	-	29,019
Payments Under Support Agreement	-	-
Payments to Other Funds	-	-
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ 45,214</u>	<u>\$ 29,019</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>		
Capital Contributions	\$ 4,330,969	\$ -
Interest Paid on Long-term Debt	(9,035,846)	(496,427)
Acquisition and Construction of Capital Assets	(34,772,399)	(17,559,039)
Proceeds from Sale of Bonds	-	23,500,000
From Federal Government	943,947	267,309
Proceeds from Sale of Salvage	74,247	(24,084)
Principal Paid on Capital Debt	(9,083,131)	(1,030,000)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (47,542,213)</u>	<u>\$ 4,657,759</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Interest and Dividends Received	<u>\$ 493,280</u>	<u>\$ 142,133</u>
Net Increase (Decrease) in Cash and Temporary Investments	(2,119,272)	25,848,438
Cash and Temporary Investments, July 1	168,558,958	44,263,533
Cash and Temporary Investments, June 30	<u><u>\$ 166,439,686</u></u>	<u><u>\$ 70,111,971</u></u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u></b>		
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u></b>		
Operating Income (Loss)	\$ 18,492,965	\$ 17,093,226
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided (Used) By Operating Activities:		
Depreciation and Amortization Expense	25,545,375	4,569,433
(Increase) Decrease in Accounts Receivable	(808,729)	(368,951)
(Increase) Decrease in Intergovernmental Receivables	3,314,857	-
(Increase) Decrease in Inventory	(101,138)	-
(Increase) Decrease in Deferred Outflow of Resources	-	-
Increase (Decrease) in Vouchers and Accounts Payable	(491,539)	21,995
Increase (Decrease) in Deposits Payable	(344)	-
Increase (Decrease) in Due to Other Funds	-	-
Increase (Decrease) in Unearned Revenue	187,855	-
Increase (Decrease) in Deferred Inflow of Resources	-	-
Increase (Decrease) in Estimated Claims and Judgments	-	-
Increase (Decrease) in Accrued Compensated Leave	(2,893)	124,844
Increase (Decrease) in Net Pension Liability	(1,251,962)	(421,020)
Total Adjustments	<u>\$ 26,391,482</u>	<u>\$ 3,926,301</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 44,884,447</u></u>	<u><u>\$ 21,019,527</u></u>
<b><u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u></b>		
Capital Contributions of Capital Assets	<u>\$ 1,264,594</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Business-Type Activities - Enterprise Funds				Governmental Activities	
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds	
\$ 42,297,020	\$ 5,920,464	\$ 4,521,700	\$ 211,180,368	\$ 41,992,807	
-	(27,708)	-	4,456,616	-	
881,490	(22,693)	13,824	1,419,730	-	
(31,491,956)	(4,132,355)	(1,565,263)	(95,580,913)	(33,476,498)	
(9,277,286)	-	(454,180)	(48,908,770)	(9,616,478)	
(1,288,978)	-	-	(1,288,978)	-	
<u>\$ 1,120,290</u>	<u>\$ 1,737,708</u>	<u>\$ 2,516,081</u>	<u>\$ 71,278,053</u>	<u>\$ (1,100,169)</u>	
\$ 45,023	\$ -	\$ -	\$ 90,237	\$ -	
-	-	-	29,019	3,639,476	
-	-	(679,972)	(679,972)	-	
-	-	(300,000)	(300,000)	(1,500,000)	
<u>\$ 45,023</u>	<u>\$ -</u>	<u>\$ (979,972)</u>	<u>\$ (860,716)</u>	<u>\$ 2,139,476</u>	
\$ -	\$ 9,970,109	\$ -	\$ 14,301,078	\$ -	
-	(4,010,252)	-	(13,542,525)	-	
(1,165,313)	-	-	(53,496,751)	(689,504)	
-	399,712	-	23,899,712	-	
-	-	-	1,211,256	-	
-	-	-	50,163	85,041	
-	(6,641,730)	-	(16,754,861)	-	
<u>\$ (1,165,313)</u>	<u>\$ (282,161)</u>	<u>\$ -</u>	<u>\$ (44,331,928)</u>	<u>\$ (604,463)</u>	
\$ -	\$ 15,932	\$ 9,419	\$ 660,764	\$ 74,552	
-	1,471,479	1,545,528	26,746,173	509,396	
-	9,617,437	2,732,845	225,172,773	19,972,952	
<u>\$ -</u>	<u>\$ 11,088,916</u>	<u>\$ 4,278,373</u>	<u>\$ 251,918,946</u>	<u>\$ 20,482,348</u>	
\$ 2,250,468	\$ (2,037,162)	\$ 1,888,005	\$ 37,687,502	\$ (7,170,325)	
2,009,185	2,858,442	20,901	35,003,336	392,742	
(263,243)	-	-	(1,440,923)	1,795	
-	970,774	-	4,285,631	-	
-	547,787	-	446,649	15,066	
-	117,707	-	117,707	(80,026)	
183,924	(697,985)	622,725	(360,880)	860,186	
-	-	-	(344)	-	
(1,288,978)	-	-	(1,288,978)	-	
(1,292,643)	-	-	(1,104,788)	-	
-	(21,855)	-	(21,855)	-	
-	-	-	-	5,395,320	
(86,184)	-	5,296	41,063	(84,981)	
(392,239)	-	(20,846)	(2,086,067)	(429,946)	
<u>\$ (1,130,178)</u>	<u>\$ 3,774,870</u>	<u>\$ 628,076</u>	<u>\$ 33,590,551</u>	<u>\$ 6,070,156</u>	
<u>\$ 1,120,290</u>	<u>\$ 1,737,708</u>	<u>\$ 2,516,081</u>	<u>\$ 71,278,053</u>	<u>\$ (1,100,169)</u>	
<u>\$ 4,289,637</u>	<u>\$ 1,624,500</u>	<u>\$ -</u>	<u>\$ 7,178,731</u>	<u>\$ -</u>	

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2015**

	<u>Trust Funds</u>	<u>Agency Funds</u>
<b><u>ASSETS</u></b>		
Cash	\$ 4,764	\$ 220,821
Investments, at Fair Value:		
Mutual Funds	60,899,167	-
Guaranteed Investment Contracts	<u>1,543,133</u>	<u>-</u>
Total Investments	<u>62,442,300</u>	<u>-</u>
Total Assets	<u><u>\$ 62,447,064</u></u>	<u><u>\$ 220,821</u></u>
<b><u>LIABILITIES</u></b>		
Vouchers and Accounts Payable	<u>\$ -</u>	<u><u>\$ 220,821</u></u>
<b><u>NET POSITION</u></b>		
Held in Trust for Other Postemployment Benefits and Pension Benefits	<u><u>\$ 62,447,064</u></u>	

The accompanying notes are an integral part of the financial statements.



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Trust Funds</b>
<b><u>ADDITIONS</u></b>	
Contributions:	
From Primary Government	\$ 13,101,573
From Plan Members	5,103,826
Total Contributions	<u>18,205,399</u>
Investment Earnings:	
Increase (Decrease) in the Fair Value of Investments	1,602,294
Interest and Dividends	79,235
Total Investment Earnings	1,681,529
Less Investment Expense	56,589
Net Investment Earnings	<u>1,624,940</u>
Total Additions	<u>\$ 19,830,339</u>
<b><u>DEDUCTIONS</u></b>	
Benefits	\$ 18,567,921
Administrative Expenses	2,082
Total Deductions	<u>\$ 18,570,003</u>
Change in Net Position	1,260,336
Net Position at Beginning of Year	<u>61,186,728</u>
Net Position at End of Year	<u><u>\$ 62,447,064</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The present City of Virginia Beach, Virginia (the City), was formed on January 1, 1963, by the merger of Princess Anne County and the former smaller City of Virginia Beach. This merger created one of the largest cities in the Commonwealth of Virginia with an area of 310 square miles and an estimated population of 454,247.

The City operates under the Council-Manager form of government. The elected eleven-member City Council, vested with the legislative powers, appoints the City Manager who is the executive and administrative head of the City government.

The City provides a full range of services for its citizens. These services include police and fire protection, collection and disposal of refuse, water and sewer services, storm water management, parks and recreation facilities, museums, libraries, and maintenance of streets and highways. Other services provided include public education in grades kindergarten through twelfth, public health and social services, certain technical and special education services, mental health assistance, agriculture services, housing services, and judicial activities.

The following is a summary of the significant accounting policies of the City of Virginia Beach:

**A. The Financial Reporting Entity**

**1. Component Units**

As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government (City of Virginia Beach), as well as its component units that are legally separate organizations for which the City Council is financially accountable.

The accompanying financial statements present the City of Virginia Beach and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationship with the City of Virginia Beach.

The Virginia Beach Development Authority (Authority), although legally separate, in substance, is presented as a blended component unit and part of the City's reporting entity. The City has responsibility through support agreements for debt payments on outstanding Public Facility Revenue Bonds which are recorded on the Authority's financial records. Therefore, the Authority's outstanding bonds are expected to be repaid entirely from resources (support agreements) from the City. The support agreements are for a majority of the outstanding debt of the Authority which necessitates this treatment as a blended component unit.

The Development Authority was established for the specific purpose of attracting new industries and the expansion of existing industries. The Authority's Commissioners are appointed by the City Council. The Authority is authorized to issue industrial development bonds after approval by the City Council and to purchase land to improve and sell for development. In addition, the Authority facilitates economic development projects as needed by City Council. Complete financial statements of the Authority may be obtained by writing to the Virginia Beach Development Authority, 222 Central Park Avenue, Suite 1000, Virginia Beach, VA 23462.

Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. These component units are reported in separate columns to emphasize that they are legally separate from the City. All component units have a June 30, 2015 year-end.

- a. School Board - The School Board is a legally separate entity that is responsible for elementary and secondary education within the City. The members of the School Board are elected by the voters; however, the School Board is fiscally dependent upon the City because the City Council annually approves its budget, levies the necessary taxes to finance operations and approves the borrowing of money and issuance of bonds. Separate financial statements including statistical information of the School Board may be obtained by writing to the Virginia Beach School Board, 2512 George Mason Drive, Virginia Beach, Virginia 23456.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. The Financial Reporting Entity** (continued)

**1. Component Units** (continued)

- b. Virginia Beach Community Development Corporation - The Community Development Corporation was organized in September 1985 for the purpose of expanding and improving opportunities for low and moderate income households in Virginia Beach, Virginia. The Board of Directors for the Community Development Corporation is appointed by City Council. Funding received by the Community Development Corporation from the City is in the form of grants. Complete financial statements of the Virginia Beach Community Development Corporation may be obtained by writing to Virginia Beach Community Development Corporation, 2700 International Parkway, Suite 300, Virginia Beach, VA 23452.

**2. Contributions to Certain Other Entities**

Annually, the City contributes to various organizations on behalf of the citizens of Virginia Beach. These organizations are not considered entities qualifying for inclusion in this report. The reasons for not including the subject organizations in this report are due to the level of control the City exercises over these entities and the lack of a financial benefit or burden relationship. Contributions during the year-ended June 30, 2015 were as follows:

American Water Works Association Research	\$ 24,992
Atlantic Wildfowl Museum	51,431
Boardwalk Arts Festival	50,500
Contemporary Art Center	230,000
Arts and Humanities Commission	523,743
Eastern Virginia Medical School	433,033
Hampton Roads Economic Development Alliance	424,670
Hampton Roads Planning District Commission	467,977
Safe Drinking Water Act	160,000
Southeastern Tidewater Regional Participation	25,000
Tidewater Community College	5,100
Transportation District of Hampton Roads	6,348,810
Virginia Aquarium and Marine Science Center Foundation	56,325
Virginia Beach Historical Houses Foundation	40,640
Virginia Beach Maritime Historical Museum	59,630
Virginia Beach SPCA	30,000
Virginia Dare Soil and Water Conservation District	8,000
Volunteers of America	181,894
Volunteer Fire Squads	8,160
Volunteer Rescue Squads	85,300
WHRO TV	137,138
Total	<u>\$ 9,352,343</u>

**B. Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide (based upon the City as a whole) and fund financial statements. While the previous model emphasized fund types (the total of all funds on a particular type), in the new reporting model the focus is on either the City as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either Governmental or Business-Type. In the government-wide Statement of Net Position, both the Governmental and Business-Type Activities columns are presented on a consolidated basis by column and are reflected on a full accrual, and economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The City generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Government-Wide and Fund Financial Statements** (continued)

The program revenues must be directly associated with the function (public safety, public works, etc.) or a Business-Type activity. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds. By definition, the assets of the Fiduciary Funds are being held for the benefit of a third-party and cannot be used to address activities or obligations of the government; therefore, these funds are excluded from the government-wide statements. Major individual Governmental Funds and major Enterprise Funds are reported as separate columns in the fund financial statements.

The City reports the following major Governmental Funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the City of Virginia Beach School Board.

The **Capital Projects Fund** is used to account for the financial resources for the acquisition or construction of major capital facilities within the City.

The City reports the following major Proprietary Funds:

The **Water and Sewer Fund** provides water service and sanitary sewer waste collection and transmission services to Virginia Beach citizens and accounts for operations that are financed in a manner similar to private business enterprises.

The **Storm Water Fund** accounts for the activities of the Storm Water Utility which charges a fee for operational and capital needs for Storm Water management in the City.

The **Waste Management Fund** provides service to our residents for collection, management and disposal of solid waste, recyclable materials and other refuse. In addition, the fund is responsible for the operation of the City's landfill.

The **Development Authority Fund** was established for the purpose of attracting new industries and the expansion of existing industries. These services are financed through fees for Industrial Revenue Bonds and other sources.

Additionally, the City reports the following fund types:

**Internal Service Funds** account for the financing of goods and services provided to other departments and agencies of the City or to other governmental units on a cost reimbursement basis. The City utilizes Internal Service Funds for its City Garage, Risk Management, School Site Landscaping, Information Technology operations, Telecommunications and Subscriptions.

**Special Revenue Funds** account for revenue derived from specific sources that are restricted by legal and regulatory provisions to finance specific activities.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Government-Wide and Fund Financial Statements** (continued)

**Law Library** - accounts for the revenues and expenditures of providing legal information and research. Revenues are raised through a set charge per civil court case and donations, which are used for library operations.

**Sandbridge Tax Increment Financing** - accounts for the incremental growth in real estate tax revenues within the district. These incremental revenues are generated by assessment growth beyond the base year, and are used to support beach and shoreline restoration in the Sandbridge district as established by City Council.

**Housing and Neighborhood Preservation** - accounts for the combined activities of the Federal Community Development Block Grant (CDBG), Federal Housing Assistance Grant, Workforce Housing Revolving and Community Development Loan and programs. This fund supports the administration of both capital improvement projects in target neighborhoods and various other housing programs. The uses of fund balance are restricted to the federal programs that generated the funds.

**Development Authority** - accounts for financial resources dedicated to the economic development of the City.

**Town Center Special Service District** - established to provide for the maintenance of public parking facilities and other infrastructure in conjunction with realizing a long-term City Council goal of developing a town center which is supported by revenues from an additional real estate tax rate applied to each property owner in the Central Business District (CBD) within the Pembroke area of the City.

**Forfeited Assets** - accounts for the City's share of Federal revenues derived from any Federal agency where money or assets are seized. If the Commonwealth's Attorney is involved in the case, the department too gets a portion of the funds. All State seizures are divided with the Commonwealth's Attorney receiving 25% and the Police Department receiving 75%. All real estate seized is split 50%/50% between the Commonwealth's Attorney and the Police Department. Fund balance must be used in compliance with Federal and State regulations to fund Police or Commonwealth's Attorney projects.

**Federal Section Eight Program** - accounts for funds received from the Federal Department of Housing and Urban Development to provide rental assistance to low and moderate income families. A separate fund is required by the Federal government and fund balance must be used for rental assistance.

**Sheriff's Department** - accounts for the cost of the care and custody of persons placed in the Virginia Beach Correctional Center by the courts and for the operation of the Sheriff's Department, as established by City Council.

**Parks and Recreation** - accounts for revenues raised through Parks and Recreation programs. This fund also receives dedicated funding from a portion of the real estate taxes to support and maintain the City's recreation centers.

**Tourism Investment Program** - accounts for the revenue streams to fund tourism related capital projects and expenditures for oceanfront programs and events, maintenance, operating costs, and debt service of tourism-related projects, as established by City Council. This fund receives dedicated funding from a percentage of the following local taxes: amusement, hotel room, and restaurant meal tax receipts.

**Central Business District South Tax Increment Financing** - accounts for incremental growth in real estate tax revenues and debt service funding of public parking and other public improvements in this business district. Fund balance is maintained to meet planned construction and debt service costs for improvements in this district as approved by City Council.

**Sandbridge Special Service District** - accounts for the revenues raised by the additional real estate tax, hotel tax and other Sandbridge related revenue. The Virginia Beach code restricts the uses of fund balance to Capital Improvement Program projects associated with beach and shoreline restoration and maintenance within the Sandbridge District.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Government-Wide and Fund Financial Statements** (continued)

**Tourism Advertising Program** - accounts for revenue and expenses related to tourism advertising. This fund receives dedicated funding from a percentage of the hotel room tax and restaurant meal tax. There is a City Council appointed committee that oversees the use of these funds.

**Agriculture Reserve Program** - accounts for revenue and expenses to promote and encourage the preservation of farmland in the rural southern portion of the City, in which agricultural uses predominate. This is a voluntary purchase of development rights rather than regulatory, as established by City Council. Fund balance will be used for payments of future interest costs of U.S Treasury Securities and the maturing interest on each agreement.

**Emergency FEMA** - accounts for receipts from the Federal Emergency Management Agency (FEMA), and for the cost of providing urban search and rescue services in support of disaster declarations as well as reimbursements to the City for the cost of local disasters. The level of fund balance is subject to final audit by the Inspector General.

**Open Space** - accounts for the acquisition and preservation of land in the City of Virginia Beach. This fund receives dedicated revenues from a percentage of the restaurant meal tax.

**Combined Area Dredging Projects** - established to provide for neighborhood channel dredging of creeks and rivers. Support for the dredging operations is provided by additional real estate taxes assessed on residents of this special service district.

**Wetlands Board Mitigation** - accounts for the fines assessed for the destruction of wetlands and are to be used for the purchase of land and re-creation of wetlands.

**Grants Consolidated** - accounts for certain Commonwealth of Virginia and Federal Grants (with matching local funds, if required).

**Fiduciary Funds** are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. The Fiduciary Funds are Agency Funds (Special Welfare, Escheat Property Agency Funds), the Pension Trust Fund and the Other Postemployment Trust Fund. The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Other Postemployment Benefit and Pension Trust Funds account for the assets in essentially the same manner as a Proprietary Fund using the economic resources measurement focus.

**C. Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund financial statements with the exception of Agency Funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by provider have been met.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The term available is limited to collection within forty-five days of the fiscal year end. Levies made prior to the fiscal year end but which are not available are recorded as unearned. Expenditures are recorded when the related fund liability is incurred, if measurable (except for unmatured interest on general long-term debt which is recognized when due and paid). Interest on general long-term debt is recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. Basis of Accounting** (continued)

The following is a list of the major revenue sources that meet the "susceptible to accrual" criteria:

General Property Taxes	Interest on Deposits
General Sales Taxes	Revenue from Commonwealth
Utility Taxes	Revenue from Federal Government
Hotel Taxes	Amusement Taxes
Restaurant Taxes	

Other Post Employment Benefits Plan financial statements are prepared using the accrual basis of accounting. City and School Board retiree's contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and both the City and School Board have made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Unearned revenues also arise when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Unbilled Water and Sewer and Storm Water Enterprise Funds accounts receivable for services provided through June 30 are included in the financial statements.

As a general rule the effects of interfund activity have been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the City's Water and Sewer Function and Storm Water Function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions. Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and the City's Internal Service Funds are charges to customers for sales and service. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, personnel, contractual services, land structures and improvements, other charges, internal service charges and depreciation. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, curbs and gutters, sidewalks, drainage systems) are reported in the applicable Governmental or Business-Type Activities columns in the government-wide financial statements.

The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and are recorded as expenditures in the Governmental Funds and as assets in the government-wide financial statements. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Building and Improvements	40	years
Site Improvements	40	years
Equipment	5-10	years
Roadway Network	40	years
Bridge Network	50	years
Hurricane Protection Network	50	years
Landfill Network	Percentage of Completion	

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Capital Assets** (continued)

Depreciation of exhaustible capital assets used by City Proprietary Funds and the blended Development Authority are recorded as an expense against their operations and accumulated depreciation is reported on the Proprietary Funds' balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

The utility system in the Water and Sewer Enterprise Fund has been recorded at cost since July 1, 1976 and contributed capital asset additions have been recorded at their estimated fair market value in the year contributed as determined by the City's utility engineers. Prior to that date, the utility system was recorded at "estimated historical cost depreciated" as determined by independent professional engineers.

Depreciation on the utility system, based on costs described above, and other capital assets of the City Proprietary Funds have been charged to operations and was computed as follows:

Utility System Water (exclusive of machinery and equipment)	
Less: estimated salvage value of 20% of costs	20-100 years
Utility System Storm Water	5-50 years
Buildings and Improvements	40 years
Site Improvements	40 years
Machinery and Equipment	5-10 years

Interest incurred during the construction phase of capital assets of Business-Type Activities is included as part of the capitalized value of the assets constructed.

All capital assets are reported at cost or estimated historical cost, if actual cost was not available. The value of historical buildings is included in assets.

**E. Operating Budget Process**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager is required by the City Charter to present a proposed operating budget at least 90 days before the beginning of each fiscal year which begins July 1. The proposed operating budget must be balanced with projected expenditures equal to estimated revenues and/or the required financing from the proper undesignated fund balances. The necessary budget ordinances are also submitted at this time.
2. The City Council is required by the City Charter to hold a public hearing on the budget at which time all interested persons are given an opportunity to comment. The notice of the time and place must be published at least seven days prior to the hearing. In addition, City Council holds budget workshops with the City Manager that are open to the media and public.
3. If the proposed operating budget is not legally adopted by the City Council upon one reading of the budget ordinances by June 1, the operating budget is automatically adopted as proposed.
4. The City Manager or the Director of Management Services is hereby authorized to approve transfers of appropriations in an amount up to \$100,000 between any Appropriation Units included in this ordinance. The City Manager shall make a monthly report to the City Council of all transfers between \$25,000 and \$100,000. In addition, the City Manager may transfer, in amounts necessary, appropriations from all Reserves for Contingencies except Reserve for Contingencies - Regular, within the intent of the Reserve as approved by City Council.

(continued)



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. Operating Budget Process** (continued)

Additional appropriations require one reading of the ordinance for approval and must be offset by additional estimated revenues and/or a transfer from the proper undesignated fund balances. Additional appropriations that exceed 1% of the total estimated revenues shown in the adopted budget require one reading by City Council for approval after a public hearing.

5. Annual budgets are adopted for the General Fund, the Debt Service Fund, Enterprise Funds and all Special Revenue Funds except for Wetlands Board Mitigation, Emergency FEMA, Development Authority and the Grants Consolidated Fund. The Grants Consolidated Fund's budget is adopted on a project-length basis along with the City Capital Projects Fund. The budget for these funds is adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).
6. The accounting system is employed as a budgetary management control device to monitor the individual departments or bureaus/divisions within departments. The legal level of budgetary control is at the organizational unit level as noted in the separately issued budget report. Additional controls are exercised administratively on some budget units, personnel positions and capital outlay items and the appropriations related thereto. A budget unit is an activity (e.g. Waste Collection) of an organizational unit (e.g. Public Works Department). Each budget unit manager is authorized to transfer appropriations within their respective unit up to a maximum of \$10,000 without City Manager approval. The City Manager or the Director of Management Services is authorized to transfer appropriations up to a maximum of \$100,000. See Note 1E4 above.
7. Unexpended appropriations lapse (except for the City Capital Projects and Grants Funds) and are closed to the proper fund balances at the end of each fiscal year (June 30). (However, appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the outstanding encumbrances at June 30.) The current operating budget ordinance approved by City Council stipulated that an undesignated General Fund Balance of 8% to 12% of the following year's budgeted revenues for contingency and emergency situations, not to be used to support appropriations already approved, except upon subsequent authorization by City Council.
8. Capital Projects for the City are budgeted separately from the Operating Budget. Since the City has over 344 projects in its Capital Improvements Program and an annual limitation (without a referendum) on the amount of bonds that may be issued, allocations for capital projects represent funding by phases of a number of projects based upon their anticipated execution of contractual obligations. The appropriations for Capital Projects require one reading of the ordinance for approval after public hearings on the City's Capital Improvement Program. The accounting, encumbering, and controlling of the funds are based upon the project length of each individual project which may be over several years. Therefore, budgetary comparisons are not presented for Capital Projects in this report. Appropriations reallocated to new or existing capital projects require one reading of the ordinance by City Council for approval.
9. The federal and state grants in the Grants Consolidated Fund are budgeted separately from the Operating Budget and do not parallel the City's fiscal year. Expenditures are restricted by the grantor agency and are subject to financial and compliance audits (Note 9B). Annual revenues and expenditures are reported within the applicable Special Revenue Funds.

There were supplemental amendments to the Operating Budget, other than for encumbrances (Note 1E7), of approximately \$1,055,960 during the 2015 Fiscal Year. The amendments were primarily funded through increases in estimated revenue and the General Fund balance.

10. All expenditures were within existing appropriations for the governmental major funds.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**F. Inventories**

All inventories, except in the Water and Sewer Enterprise Fund, Development Authority, the General Fund's Virginia Aquarium and Marine Science Center and the City Garage Internal Service Fund, are reported at cost using the first-in, first-out inventory method.

Reported inventories are accounted for under the consumption method (i.e., recorded as expenditures when used) in the remaining Governmental Funds.

The Water and Sewer Enterprise Fund and the General Fund's Virginia Aquarium and Marine Science Center and the City Garage Internal Service Fund inventories are reported at cost using the moving weighted average cost inventory method. The Development Authority Enterprise Fund inventories are reported at net realizable value.

**G. Land and Building Inventory Held For Resale**

Land and building inventory for Development Authority is stated at the lower of net realizable value or original purchase price plus capitalized interest, if applicable, and development cost.

**H. Accrued Compensated Leave**

Annual leave, according to a graduated scale based on years of employment, is credited to each employee as it accrues. A permanent City employee, not participating in the VRS Hybrid Plan, may carry-forward a maximum of 50 days. All full-time employees hired on or after January 1, 2014, except hazardous duty employees, and those hired before this date, which make the irrevocable decision to participate in the Hybrid Plan shall accrue and use Paid Time Off. Those participating in the Hybrid Plan may carry-forward a maximum of 24 days.

City employees not participating in the Hybrid Plan are granted one sick leave day per month and may accumulate an unlimited number of sick leave days; however, no payment is made by the City on the unused portion upon employment termination (except on the condition of retirement). In accordance with Governmental Accounting Standards Board Statement (GASB) Number 16, an accrual has been made in the financial statements for these payments.

Compensated leave for the City (current and non-current) is recorded in the government-wide financial statements. For Proprietary Funds the current and long-term accrued compensated leave liabilities are recorded in the appropriate fund. The current portion of compensated leave is based upon the estimated leave usage in the subsequent year increased by cost of living salary increase.

**I. Fund Balances**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

***Restricted*** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**I. Fund Balances** (continued)

***Committed*** - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable.

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. It also includes the long-term amount of loans approved by City Council.

***Assigned*** - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council, the City Manager or by a City official delegated that authority by appropriate action.

***Unassigned*** - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classification. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**J. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**K. Fund Balance Policy**

It is the City Council's policy that there shall be retained in the General Fund an unassigned fund balance of 8% to 12% of the following year's projected revenues. It is desired that a goal of 10% be maintained. This level equates to approximately one month of operating expenses.

**L. Miscellaneous**

**1. Cash and Investments**

Cash invested at June 30 is included in the various cash accounts reflected in the financial statements. Investments are stated at amortized cost or at their fair value (Note 8). Interest earnings on investments are allocated to the appropriate funds based upon the average monthly cash balance of each fund. Qualified investments in State Treasurer's LGIP, AIM and SNAP are reported at amortized cost. All others are reported at fair value (Note 8).

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**L. Miscellaneous** (continued)

**1. Cash and Investments** (continued)

Other Post Employment Benefit investments are reported at fair value, which for the City and School Board is determined by the most recent bid and asking prices as obtained from markets of such investments. Securities for which market quotations are not readily available are valued at their fair value as determined in good faith by the custodian under the direction of the Board of Trustees of the Virginia Pooled OPEB Trust Fund. A valuation service may be engaged to assist in the determination of fair value.

**2. Proprietary Funds' Other Charges**

This category mainly consists of General Fund charges (e.g., data processing, buildings and grounds maintenance, indirect costs) to the Water and Sewer, Storm Water, Waste Management and Resort Parking Enterprise Funds as well as Internal Service Funds except Risk Management, and the Development Authority. For Risk Management it represents premiums and claims payments (including current estimated claims and judgments). The Development Authority other charges consist of selling, lease and lease hold improvements, professional services and other general expenses.

**3. Statement of Cash Flows**

For purposes of the statements of cash flows, all highly liquid debt instruments and certificates of deposit, with a maturity of three months or less, are grouped into cash and temporary investments. Proprietary Funds participate in a centralized cash and investment pool and therefore, separate information on cash equivalents (i.e., investments with maturities of three months or less upon acquisition) for the funds is not applicable.

**4. Bond Premiums and Discounts**

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds are reported net of the applicable bond premium or discount.

**5. Internal Balances**

The amount reported in the Statement of Net Position for internal balances represents support payments to the blended component unit Development Authority during the fiscal year just ended.

**M. Net Position**

The difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources in the government-wide statement of net position must be labeled as *net position*. GAAP further require that net position be subdivided into three categories: net investment in capital assets, restricted net position; and unrestricted net position.

**N. Long-Term Obligations**

In the government-wide financial statements, and Proprietary Fund types in the financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-Type Activities, or Proprietary Fund type statement of net position. Bond premiums and deferred loss on refunding bonds as well as issuance costs are deferred and amortized over the life of the bonds.

In the fund financial statements, Governmental Fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**N. Long-Term Obligations** (continued)

reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

**O. Restricted Assets - Cash and Investments**

Certain proceeds of the Primary Government's revenue bond issuance and certificates of participation have been set aside in separate bank accounts as a reserve for future debt service payments. In addition, inclusive in this category are option deposits, funds held for capital projects and improvements and grant awards.

**P. Unrestricted Net Position - Governmental Activities**

Inclusive in Governmental Activities unrestricted net position are ending committed fund balances of certain Special Revenue Funds which have been earmarked for specific purposes by City Council. These funds are, but are not limited to, Agriculture Reserve Fund, Tax Increment Financing Funds, Open Space Fund, Parks and Recreation, Tourism Investment Program, and Tourism Advertising Program Fund.

**Q. Restricted Net Position**

Some primary government and component unit net position amounts are subject to various restrictions. Bond resolutions restrict the net position of the Water and Sewer, Storm Water and Debt Service Funds for operations. The Master Water and Sewer Resolution restricts net position of the Water and Sewer Enterprise Fund for the cost of operation, maintenance and debt service costs. The agreement of Trust, dated January 1, 2000, restricts the net position of the Storm Water Enterprise Fund in a similar manner. The ending fund balance of the Debt Service Fund is restricted for future debt costs. The Waste Management Enterprise Fund ending net position is restricted for fund operations.

Certain amounts in the General Fund, Special Revenue Funds, and component units are restricted through other enabling legislation.

**R. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City's deferred outflows of resources consist of the amount by which the principal and premium of a refunding bond exceed the net carrying amount of the refunded debt and pension contributions subsequent to the measurement date. The deferred outflow is being amortized over the remaining life of the refunded debt.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then. The City's deferred inflows of resources consist of the amount by which the net carrying amount of refunded debt exceed the principal and premium of a refunding bond, the property tax levy recorded in the current fiscal year pertaining to fiscal year 2016 and pension activity that will be recognized in pension expense over a four to five year period. The deferred inflow is being amortized over the remaining life of the refunded debt. Under the modified accrual basis of accounting, the City has revenues which are applicable to a future period, and will not be recognized until the period they become available. These amounts are recorded on the governmental funds balance sheet as a deferred inflow of resources.

**S. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS).

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**S. Pensions** (continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**2. FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**

Nonmajor governmental fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned (Note 11) based primarily on the extent to which the City is bound to observe constraints imposed upon the use of these resources. The constraints placed on fund balance for the nonmajor governmental funds are presented below:

<b>Nonspendable:</b>	
Housing and Community Development	\$ 6,453,867
<b>Restricted:</b>	
Federal and State Grants	\$ 3,135,921
Forfeited Assets Judicial	644,991
Forfeited Assets Police	2,676,140
Special Service Districts	943,250
Other Programs	54,100
Emergency FEMA	398,551
Total Special Revenue Funds	\$ 7,852,953
Future Debt Service	29,025,375
Total Restricted	\$ 36,878,328
<b>Committed:</b>	
Sandbridge TIF Programs	\$ 5,905,642
Central Business District TIF	2,519,360
Parks and Recreation Activities	11,943,345
Wetlands Board Mitigation	257,177
Open Space Program	484,299
Educational	98,212
Tourism	2,858,932
Agriculture Program	13,548,992
Judicial	470,658
Total Committed	\$ 38,086,617
<b>Assigned:</b>	
Sandbridge TIF Programs	\$ 1,624,602
Educational	261,581
Special Service District Programs	1,283,918
Forfeited Assets Judicial	400,000
Open Space Program	674,754
Judicial Programs	32,961
Agriculture Programs	445,207
Public Works	22,060
Parks and Recreation Activities	4,302,000
Total Assigned	\$ 9,047,083
<b>Unassigned:</b>	
Housing and Neighborhood Preservation	\$ (391,769)
<b>Total Fund Balance</b>	<b>\$ 90,074,126</b>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**3. RECEIVABLES AND ACCRUED LIABILITIES**

**A. Receivables**

Receivables at June 30, 2015 consist of the following:

**Primary Government**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Real Estate Taxes	\$ 15,484,704	\$ -	\$ 15,484,704
Personal Property Taxes	33,730,889	-	33,730,889
Loans	12,998,886	-	12,998,886
Due from Other Government	95,786,825	12,272	95,799,097
Accounts	18,141,241	36,745,093	54,886,334
Gross Receivables	\$ 176,142,545	\$ 36,757,365	\$ 212,899,910
Less: Allowance for Uncollectibles	(21,680,815)	(2,796,802)	(24,477,617)
Net Receivables - Entity Wide	\$ 154,461,730	\$ 33,960,563	\$ 188,422,293

**Major Funds – Governmental**

	<b>General Fund</b>	<b>Capital Projects</b>	<b>Total</b>
Real Estate Taxes	\$ 15,484,704	\$ -	\$ 15,484,704
Personal Property Taxes	33,730,889	-	33,730,889
Accounts	1,501,993	-	1,501,993
Loans	6,545,019	-	6,545,019
Intergovernmental Accounts	68,707,289	25,091,144	93,798,433
Due from Other Funds	1,676,770	-	1,676,770
Gross Receivables	\$ 127,646,664	\$ 25,091,144	\$ 152,737,808
Less: Allowance for Uncollectibles	(12,104,861)	-	(12,104,861)
Net Receivables	\$ 115,541,803	\$ 25,091,144	\$ 140,632,947

**Major Funds – Proprietary**

	<b>Water and</b>		<b>Waste</b>	<b>Virginia Beach</b>	
	<b>Sewer</b>	<b>Storm Water</b>	<b>Management</b>	<b>Authority</b>	<b>Total</b>
Accounts	\$ 21,755,690	\$ 6,392,670	\$ 7,047,754	\$ 7,748,276	\$ 42,944,390
Intergovernmental Accounts	12,272	-	-	-	12,272
Gross Receivables	\$ 21,767,962	\$ 6,392,670	\$ 7,047,754	\$ 7,748,276	\$ 42,956,662
Less: Allowance for Uncollectibles	(2,762,043)	(18,833)	(15,926)	-	(2,796,802)
Net Receivables	\$ 19,005,919	\$ 6,373,837	\$ 7,031,828	\$ 7,748,276	\$ 40,159,860

The intergovernmental accounts receivable represents the amount due from the City of Chesapeake for their share of the cost of Lake Gaston water reserve.

**Component Units**

Receivables at June 30, 2015 consist of the following:

	<b>School Board</b>	<b>Community Development Corporation</b>	<b>Total</b>
Notes, Deed of Trust	\$ -	\$ 2,182,103	\$ 2,182,103
Accrued Interest	-	681,883	681,883
Intergovernmental	29,858,247	367,266	30,225,513
Accounts	864,558	85,664	950,222
Net Receivables	\$ 30,722,805	\$ 3,316,916	\$ 34,039,721

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**3. RECEIVABLES AND ACCRUED LIABILITIES** (continued)

**B. Property Taxes Receivable**

An annual ad valorem tax is levied by the City on the assessed value of real and tangible personal property. These levies are made each year on July 1 and January 1 for real property and tangible personal property, respectively. Taxes levied on these dates become liens on the subject property on the date of levy. Real property taxes are payable in two installments on December 5 and June 5. Personal property taxes are payable on June 5, however, pro-rated bills on automobiles are also payable throughout the year on the portion of the year they are owned if not owned a full year. These taxes are considered delinquent when not paid by the due dates and subject to penalties and interest charges by the City Treasurer. City property tax revenues are recognized when levied and collected.

The City calculates its allowance for uncollectible taxes by using historical collection data. Furthermore, the taxes receivable amount uncollected 45 days after June 30 is recorded as unearned revenue for the fund financial statements.

During Fiscal Year 2015 the real property rate was \$0.93 per \$100 of assessed valuation (100% of fair market value except for public service corporation properties); an additional \$.06 per \$100 of assessed valuation is charged to those residents of Sandbridge; an additional \$.45 per \$100 of assessed valuation is charged to all real estate within Town Center Special Service District; an additional \$.184 per \$100 of assessed valuation is charged to all real estate within the Old Donation Special Service District; an additional \$.363 per \$100 of assessed valuation is charged to all real estate within the Bayville Creek Special Service District, not exempt from taxation; an additional \$.1594 per \$100 of assessed valuation is charged to all real estate within the Shadowlawn Special Service District; taxes on all real estate that has been classified as an energy efficient building, not exempt from taxation, at a rate of \$0.78 on each \$100 of assessed valuation thereof; taxes on buildings that are individually listed on the Virginia's Landmarks Register, not including the real estate or land on which the building is located, so long as the building is maintained in a condition such that it retains the characteristics for which it was listed on the Virginia Landmarks Register at a rate of \$0.49 on each \$100 of assessed valuation thereof. The personal property rate was \$3.70 per \$100 of assessed valuation (100% of fair market value) until 1/1/15 in which the rate increased to \$4.00. Other personal property tax rates exist for qualified equipment. There are no limits currently on the property tax rates which may be established by the City Council. In addition, City Council is the only governmental entity that has the local taxing authority.

**C. Intergovernmental Receivables - Primary Government and School Board Component Unit – Entity Wide**

1. The following revenues were due from the Commonwealth of Virginia at June 30, 2015:

**Primary Government**

	Governmental Activities
General Sales Tax	\$ 8,749,053
Telecommunications Tax	2,080,509
Police Extradition	5,295
Personal Property Tax Relief Act	53,412,868
Other Grants, Entitlements, & Shared Revenues	2,204,506
Sheriff's Department	1,265,486
Capital Projects	23,163,605
Grants Consolidated	109,601
Total Due from Commonwealth	<u>\$ 90,990,923</u>

(continued)



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**3. RECEIVABLES AND ACCRUED LIABILITIES** (continued)

**C. Intergovernmental Receivables - Primary Government and School Board Component Unit – Entity Wide**  
(continued)

**School Board Component Unit**

State Share Sales Tax	\$ 5,883,087
Special Education-Regional Program	4,377,934
Technology Initiative	4,312,000
Juvenile Detention Center	244,276
TCC Dual Enrollment Program	175,444
Other Grants, Entitlements and Shared Revenues	81,380
Total Due from Commonwealth-Governmental Funds	\$ 15,074,121
School Health Insurance Internal Service Fund-Health	
Insurance-City Line of Duty	117,419
Total Due from Commonwealth-Governmental Activities	<u>\$ 15,191,540</u>

2. The following revenues were due from various Federal agencies at June 30, 2015:

**Primary Government**

	<b>Governmental Activities</b>
Public Assistance Grants	\$ 2,255,058
Law Enforcement	12,689
Grants Consolidated	509,085
Housing Assistance	75,887
Capital Projects	1,927,539
Federal Home Grants	9,647
Total Due from Federal Government	<u>\$ 4,789,905</u>

**School Board Component Unit**

Adult Basic Education	\$ 58,514
Carl Perkins	689,955
DODEA MCASP	330,588
DODEA SF-LEP	112,688
Medicaid	664,185
National School Meal Program	1,082,812
NJROTC	80,031
Preschool Incentive	276,760
Title I	4,306,541
Title II	1,661,462
Title III	69,938
Title IV	192,413
Title VI-B	5,078,869
Other Grants, Entitlements and Shared Revenues	61,951
Total Due from Federal Government	<u>\$ 14,666,707</u>

3. The following revenues were due from other Local governments at June 30, 2015:

The Federal Section Eight Program Special Revenue Fund was due \$5,997 from other service providers and authorities.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**3. RECEIVABLES AND ACCRUED LIABILITIES** (continued)

**D. Allowances For Uncollectible Accounts Receivable**

Allowances for uncollectible accounts receivable are generally established using historical collection data, specific account analysis and subsequent cash receipts. The allowances at June 30, 2015 are as follows:

General Fund	\$ 12,104,861
Water and Sewer Fund	2,762,043
Storm Water Fund	18,833
Waste Management Fund	15,926
Total	<u>\$ 14,901,663</u>

**E. The major components of Accrued Liabilities at June 30, 2015 consist of the following:**

**Primary Government**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Accrued Interest Payable	\$ 8,558,914	\$ 4,201,486	\$ 12,760,400
Deposits Payable	3,529,615	140,585	3,670,200
Unearned Revenue	-	514,980	514,980
Due to Other Funds	-	1,426,178	1,426,178
Total Accrued Liabilities	<u>\$ 12,088,529</u>	<u>\$ 6,283,229</u>	<u>\$ 18,371,758</u>

**Component Units**

	<b>School Board</b>	<b>Community Development Authority</b>	<b>Total</b>
Accrued Interest Payable	\$ -	\$ 63,359	\$ 63,359
Unearned Revenue	8,220,979	-	8,220,979
Deposits Payable	75,000	78,739	153,739
Accrued Salaries	56,692,528	-	56,692,528
Total Accrued Liabilities	<u>\$ 64,988,507</u>	<u>\$ 142,098</u>	<u>\$ 65,130,605</u>

**4. UNEARNED REVENUE**

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the full accrual basis of accounting, such amounts are measurable, but are unearned.

Unearned revenue consists of the following as of June 30, 2015:

**A. General Fund**

Aquarium - Advance ticket receipts	\$ 14,962
Human Services - Advance program receipts	496,800
Total General Fund	<u>\$ 511,762</u>

**B. Special Revenue Funds – Nonmajor**

Parks and Recreation - Advance class registration	\$ 150,533
Total Special Revenue Funds	<u>\$ 150,533</u>

**C. Enterprise Funds**

Development Authority - Miscellaneous receipts	\$ 20,235
Water and Sewer - Customers and Developers tap and meter fees	494,745
Total Enterprise Funds	<u>\$ 514,980</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**4. UNEARNED REVENUE** (continued)

**D. School Board Component Unit**

General Fund - Summer School tuition and school rentals	\$ 407,794
School Grants Fund - Early reading intervention, technology initiative, and other grants	389,703
Other Governmental Funds - School cafeterias and cell towers - Charges for Services	<u>403,615</u>
Total Unearned Revenue - Governmental Funds	\$ 1,201,112
School Health Insurance Internal Service Fund - Prepayment of July health insurance premiums	<u>7,019,867</u>
Total Unearned Revenue - Governmental Activities	<u>\$ 8,220,979</u>

**5. CAPITAL ASSETS AND LAND HELD FOR RESALE**

**A. Land and Building Inventory Held for Resale – Development Authority**

Oceana West Corporate Park	\$ 1,555,548
Corporate Landing	9,878,630
Town Center Beacon Building & Land	4,877,946
London Bridge Commerce Park	1,624,500
Hunt Club 2	200,305
Headquarters Hotel Site	<u>4,393,243</u>
Total Land and Building Held for Resale	<u>\$ 22,530,172</u>

**B. Governmental Activities**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 990,918,621	\$ 21,191,556	\$ 7,739,196	\$ 1,004,370,981
Agriculture Reserve Program	41,464,092	344,842	-	41,808,934
Construction in Progress	124,749,128	161,204,839	129,953,907	156,000,060
Total Capital Assets Not Being Depreciated	<u>\$ 1,157,131,841</u>	<u>\$ 182,741,237</u>	<u>\$ 137,693,103</u>	<u>\$ 1,202,179,975</u>
Other Capital Assets:				
Buildings and Improvements	\$ 714,888,643	\$ 37,707,491	\$ 154,850	\$ 752,441,284
School Buildings	355,313,615	44,489,157	50,035,283	349,767,489
Site Improvements	280,498,962	2,886,270	-	283,385,232
Site Improvements - Internal Service Funds	265,782	-	-	265,782
Equipment	259,342,773	22,239,838	23,014,510	258,568,101
Equipment - ISF*	5,669,562	689,504	170,960	6,188,106
Roadway Network	1,899,763,076	57,072,210	-	1,956,835,286
Landfill Network	18,676,153	-	-	18,676,153
Bridge Network	80,949,092	1,360	-	80,950,452
Hurricane Protection Network	97,680,665	-	-	97,680,665
Total Other Capital Assets at Historical Cost	<u>\$ 3,713,048,323</u>	<u>\$ 165,085,830</u>	<u>\$ 73,375,603</u>	<u>\$ 3,804,758,550</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 208,169,294	\$ 18,251,382	\$ 155,172	\$ 226,265,504
School Buildings	25,705,963	7,292,055	875,332	32,122,686
Site Improvements	75,296,039	7,411,881	-	82,707,920
Site Improvements - ISF	262,763	235	-	262,998
Equipment	173,027,905	21,783,846	17,149,270	177,662,481
Equipment - ISF	4,664,859	392,507	169,763	4,887,603
Roadway Network	1,021,333,530	47,494,077	-	1,068,827,607
Landfill Network	17,875,967	800,186	-	18,676,153
Bridge Network	33,654,539	1,561,488	-	35,216,027
Hurricane Protection Network	23,212,424	1,953,613	-	25,166,037
Total Accumulated Depreciation	<u>\$ 1,583,203,283</u>	<u>\$ 106,941,270</u>	<u>\$ 18,349,537</u>	<u>\$ 1,671,795,016</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 2,129,845,040</u>	<u>\$ 58,144,560</u>	<u>\$ 55,026,066</u>	<u>\$ 2,132,963,534</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,286,976,881</u>	<u>\$ 240,885,797</u>	<u>\$ 192,719,169</u>	<u>\$ 3,335,143,509</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**5. CAPITAL ASSETS AND LAND HELD FOR RESALE** (continued)

**B. Governmental Activities** (continued)

Governmental Activities capital assets net of accumulated depreciation at June 30, 2015 are comprised of the following:

General Government Capital Assets, Net	\$ 3,331,430,666
Internal Service Fund Capital Assets, Net	1,303,287
Total	<u>\$ 3,332,733,953</u>

Depreciation was charged to governmental functions as follows:

Finance	\$ 58,609
Executive	1,868
Judicial	291,607
Health	12,564
Police	3,866,797
Public Works	74,590,969
Parks and Recreation	3,318,806
Libraries	431,844
Planning	470,879
Economic Development	11,957
Convention & Visitors Bureau	168,667
Communications & Information Technology	12,061,967
Boards and Commissions	1,379
EMS	60,360
Fire	1,965,612
Human Services	829,068
Education and Transfer to School	7,292,055
Housing & Neighborhood Preservation	43,012
Museums	59,564
General Government	797,671
Emergency Medical Services	606,015
Total	<u>\$ 106,941,270</u>

**C. Component Unit - School Board**

Capital Assets activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets Not Being Depreciated:				
Land	\$ 39,670,603	\$ -	\$ -	\$ 39,670,603
Construction in Progress	5,045,181	22,563,130	1,289,605	26,318,706
Total Capital Assets Not Being Depreciated	<u>\$ 44,715,784</u>	<u>\$ 22,563,130</u>	<u>\$ 1,289,605</u>	<u>\$ 65,989,309</u>
Capital Assets Being Depreciated				
Buildings	\$ 638,818,888	\$ 9,979,371	\$ 2,633,414	\$ 646,164,845
Improvement Other Than Buildings	61,949,766	101,825	-	62,051,591
Machinery and Equipment	111,064,910	2,146,001	4,066,745	109,144,166
Total Capital Assets Being Depreciated	<u>\$ 811,833,564</u>	<u>\$ 12,227,197</u>	<u>\$ 6,700,159</u>	<u>\$ 817,360,602</u>
Less Accumulated Depreciation For: *				
Buildings	\$ 258,128,659	\$ 20,278,612	\$ 8,343,690	\$ 270,063,581
Improvement Other Than Buildings	35,979,137	2,197,918	-	38,177,055
Machinery and Equipment	69,481,672	7,921,220	3,499,506	73,903,386
Total Accumulated Depreciation	<u>\$ 363,589,468</u>	<u>\$ 30,397,750</u>	<u>\$ 11,843,196</u>	<u>\$ 382,144,022</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 448,244,096</u>	<u>\$ (18,170,553)</u>	<u>\$ (5,143,037)</u>	<u>\$ 435,216,580</u>
Component Unit School Board, Capital Assets, Net	<u>\$ 492,959,880</u>	<u>\$ 4,392,577</u>	<u>\$ (3,853,432)</u>	<u>\$ 501,205,889</u>

Depreciation was charged to School Board Component Unit.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**5. CAPITAL ASSETS AND LAND HELD FOR RESALE (continued)**

**D. Business-Type Activities**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 165,592,436	\$ 1,089,663	\$ 1,955,178	\$ 164,726,921
Construction in Progress	11,194,645	57,624,970	29,416,432	39,403,183
Total Capital Assets Not Being Depreciated	\$ 176,787,081	\$ 58,714,633	\$ 31,371,610	\$ 204,130,104
Other Capital Assets:				
Buildings and Improvements	\$ 105,886,966	\$ 19,055,990	\$ -	\$ 124,942,956
Site Improvements	1,457,642	-	678,125	779,517
Utility System	1,210,063,204	28,777,768	-	1,238,840,972
Machinery and Equipment	38,643,097	10,242,536	159,878	48,725,755
Total Other Capital Assets at Historical Cost	\$ 1,356,050,909	\$ 58,076,294	\$ 838,003	\$ 1,413,289,200
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 27,956,350	\$ 2,930,312	\$ -	\$ 30,886,662
Site Improvements	541,547	20,901	289,616	272,832
Utility System	435,643,803	27,049,775	-	462,693,578
Machinery and Equipment	27,246,968	5,002,348	159,878	32,089,438
Total Accumulated Depreciation	\$ 491,388,668	\$ 35,003,336	\$ 449,494	\$ 525,942,510
Total Capital Assets Being Depreciated, Net	\$ 864,662,241	\$ 23,072,958	\$ 388,509	\$ 887,346,690
Business-Type Activities Capital Assets, Net	\$ 1,041,449,322	\$ 81,787,591	\$ 31,760,119	\$ 1,091,476,794

Depreciation expense was charged to Business-Type Activities as follows:

Water and Sewer	\$ 25,545,375
Storm Water	4,569,433
Waste Management	2,009,185
Development Authority	2,858,442
Resort Parking	20,901
Total	\$ 35,003,336

**E. Major Fund - Water and Sewer Enterprise Fund**

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets Not Being Depreciated:				
Land and Improvements <sup>1</sup>	\$ 12,867,089	\$ 3,231	\$ -	\$ 12,870,320
Construction in Progress	7,263,434	36,722,660	26,378,494	17,607,600
Total Capital Assets Not Being Depreciated	\$ 20,130,523	\$ 36,725,891	\$ 26,378,494	\$ 30,477,920
Other Capital Assets:				
Buildings and Improvements	\$ 4,232,809	\$ -	\$ -	\$ 4,232,809
Utility System	1,010,218,359	27,147,102	-	1,037,365,461
Machinery and Equipment	27,067,748	1,836,551	159,878	28,744,421
Total Other Capital Assets at Historical Cost	\$ 1,041,518,916	\$ 28,983,653	\$ 159,878	\$ 1,070,342,691
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,400,943	\$ 101,679	\$ -	\$ 2,502,622
Utility System	389,034,895	23,382,500	-	412,417,395
Machinery and Equipment	19,138,828	2,061,196	159,878	21,040,146
Total Accumulated Depreciation	\$ 410,574,666	\$ 25,545,375	\$ 159,878	\$ 435,960,163
Total Capital Assets Being Depreciated, Net	\$ 630,944,250	\$ 3,438,278	\$ -	\$ 634,382,528
Water and Sewer Capital Assets, Net	\$ 651,074,773	\$ 40,164,169	\$ 26,378,494	\$ 664,860,448

<sup>1</sup> Beginning Balance restated by \$104,458 due to Land Assets being retired as Utility System Asset in FY 14.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**5. CAPITAL ASSETS AND LAND HELD FOR RESALE (continued)**

**F. Major Fund – Storm Water Enterprise Fund**

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 131,395,838	\$ 3,503	\$ -	\$ 131,399,341
Construction in Progress	3,931,211	20,902,310	3,037,938	21,795,583
Total Capital Assets Not Being Depreciated	\$ 135,327,049	\$ 20,905,813	\$ 3,037,938	\$ 153,194,924
Other Capital Assets:				
Utility System	\$ 199,844,845	\$ 1,630,666	\$ -	\$ 201,475,511
Machinery and Equipment	10,930,440	1,874,376	-	12,804,816
Total Other Capital Assets at Historical Cost	\$ 210,775,285	\$ 3,505,042	\$ -	\$ 214,280,327
Less Accumulated Depreciation For:				
Utility System <sup>1</sup>	\$ 46,608,908	\$ 3,667,275	\$ -	\$ 50,276,183
Machinery and Equipment <sup>1</sup>	7,724,706	902,158	-	8,626,864
Total Accumulated Depreciation	\$ 54,333,614	\$ 4,569,433	\$ -	\$ 58,903,047
Total Capital Assets Being Depreciated, Net	\$ 156,441,671	\$ (1,064,391)	\$ -	\$ 155,377,280
Storm Water Capital Assets, Net	\$ 291,768,720	\$ 19,841,422	\$ 3,037,938	\$ 308,572,204

<sup>1</sup> Beginning balance adjusted by \$291,512 due to Machinery & Equipment Asset's AD being retired as Utility System Ad in FY14.

**G. Major Fund – Waste Management**

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	\$ -	\$ -	\$ -	\$ -
Other Capital Assets:				
Utility System	\$ -	\$ -	\$ -	\$ -
Machinery and Equipment	-	6,531,609	-	6,531,609
Total Other Capital Assets at Historical Cost	\$ -	\$ 6,531,609	\$ -	\$ 6,531,609
Less Accumulated Depreciation For:				
Utility System	\$ -	\$ -	\$ -	\$ -
Machinery and Equipment	-	2,009,185	-	2,009,185
Total Accumulated Depreciation	\$ -	\$ 2,009,185	\$ -	\$ 2,009,185
Total Capital Assets Being Depreciated, Net	\$ -	\$ 4,522,424	\$ -	\$ 4,522,424
Waste Management Capital Assets, Net	\$ -	\$ 4,522,424	\$ -	\$ 4,522,424

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**5. CAPITAL ASSETS AND LAND HELD FOR RESALE** (continued)

**H. Major Fund - Virginia Beach Development Authority**

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 19,954,509	\$ 1,082,929	\$ 580,178	\$ 20,457,260
Total Capital Assets Not Being Depreciated	\$ 19,954,509	\$ 1,082,929	\$ 580,178	\$ 20,457,260
Other Capital Assets:				
Buildings and Improvements	\$ 101,654,157	\$ 19,055,990	\$ -	\$ 120,710,147
Machinery and Equipment	565,065	-	-	565,065
Total Other Capital Assets at Historical Cost	\$ 102,219,222	\$ 19,055,990	\$ -	\$ 121,275,212
Less Accumulated Depreciation For:				
Buildings	\$ 25,555,407	\$ 2,828,633	\$ -	\$ 28,384,040
Machinery and Equipment	303,590	29,809	-	333,399
Total Accumulated Depreciation	\$ 25,858,997	\$ 2,858,442	\$ -	\$ 28,717,439
Total Capital Assets Being Depreciated, Net	\$ 76,360,225	\$ 16,197,548	\$ -	\$ 92,557,773
Development Authority Capital Assets, Net	\$ 96,314,734	\$ 17,280,477	\$ 580,178	\$ 113,015,033

Depreciation was charged to Virginia Beach Development Authority.

**I. Component Unit - Virginia Beach Community Development Corporation**

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 7,977,302	\$ -	\$ -	\$ 7,977,302
Other Capital Assets:				
Buildings and Improvements	\$ 28,161,530	\$ 19,209	\$ -	\$ 28,180,739
Vehicles	67,809	-	-	67,809
Total Other Capital Assets at Historical Cost	\$ 28,229,339	\$ 19,209	\$ -	\$ 28,248,548
Less Accumulated Depreciation	\$ 9,573,274	\$ 1,035,890	\$ -	\$ 10,609,164
Component Unit - Va. Beach Community Dev.	\$ 26,633,367	\$ (1,016,681)	\$ -	\$ 25,616,686

**J. Construction in Progress**

**1. Governmental Activities and School Board Component Unit**

In accordance with the City's accounting policies, these projects will not be transferred from Construction in Progress until completion. Construction in progress is comprised of the following:

	Expended through June 30, 2015	Outstanding Commitments	Unobligated Balance
<b><u>Government Activities</u></b>			
Engineering and Highways	\$ 96,103,360	\$ 105,093,517	\$ 194,365,646
Buildings	34,547,840	27,034,625	62,551,587
Parks and Recreation	22,261,356	27,136,984	26,820,607
Virginia Beach Development Authority	279,139	-	-
Coastal	18,345	4,332,102	32,910,682
Economic and Tourism	2,790,020	22,225,381	26,409,336
Total Other Capital Assets at Historical Cost	\$ 156,000,060	\$ 185,822,609	\$ 343,057,858
<b><u>School Board Component Unit</u></b>			
Buildings and Improvements Other than Buildings	\$ 26,318,706	\$ 17,438,721	\$ -

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**5. CAPITAL ASSETS AND LAND HELD FOR RESALE** (continued)

**J. Construction in Progress** (continued)

**2. Business-Type Activities**

In accordance with the City's accounting policies, these projects will not be transferred from Construction in Progress into the various capital asset accounts until substantially completed. Construction in Progress for Business-Type Activities is comprised of the following at June 30, 2015:

	Expended through June 30, 2015	Outstanding Commitments	Unobligated Balance
Water & Sewer Utility Projects	\$ 17,607,600	\$ 35,980,390	\$ 58,820,872
Storm Water Projects	21,795,583	15,909,145	48,225,575
Total Business-Type Activities	<u>\$ 39,403,183</u>	<u>\$ 51,889,535</u>	<u>\$ 107,046,447</u>

**6. LONG-TERM DEBT**

**A. A Summary of Changes In Long-Term Liabilities**

**1. Primary Government - Governmental Activities**

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
General Obligation Bonds	\$ 667,420,231	\$ 107,825,000	\$ 122,849,389	\$ 652,395,842	\$ 58,829,318
State Literary Fund Loans	3,500,000	-	625,000	2,875,000	625,000
Public Facility Revenue Bonds	258,931,899	73,693,607	47,251,209	285,374,297	22,060,366
Agriculture Reserve Program	41,464,092	344,842	-	41,808,934	-
Total Tax Supported Debt	<u>\$ 971,316,222</u>	<u>\$ 181,863,449</u>	<u>\$ 170,725,598</u>	<u>\$ 982,454,073</u>	<u>\$ 81,514,684</u>
Other Debt:					
Landfill Closure & Post-Closure Care	\$ 29,466,875	-	\$ 4,152,063	\$ 25,314,812	-
Premiums	83,780,251	28,945,179	13,713,643	99,011,787	9,397,368
Net Pension Liability	391,631,088	135,706,349	228,444,933	298,892,504	-
Accrued Compensation Leave*	41,944,441	25,123,346	24,763,319	42,304,468	25,753,853
Estimated Claims & Judgements	25,462,274	13,475,124	8,079,804	30,857,594	6,391,293
Governmental Activities Long-Term Debt	<u>\$ 1,543,601,151</u>	<u>\$ 385,113,447</u>	<u>\$ 449,879,360</u>	<u>\$ 1,478,835,238</u>	<u>\$ 123,057,198</u>

\*Adjusted for the reclassification of Waste Management to an Enterprise Fund.

(continued)



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**6. LONG-TERM DEBT** (continued)

**A. A Summary of Changes In Long-Term Liabilities** (continued)

**2. Primary Government - Business-Type Activities**

	Balance			Balance	Amounts
	July 1, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
Revenue Bonds	\$ 226,418,647	\$ 23,500,000	\$ 10,113,131	\$ 239,805,516	\$ 11,031,806
Public Facility Revenue Bonds	89,328,101	9,436,393	15,398,791	83,365,703	6,284,634
Revenue Note	947,939	-	947,939	-	-
Total Tax Supported Debt	\$ 316,694,687	\$ 32,936,393	\$ 26,459,861	\$ 323,171,219	\$ 17,316,440
Less/Add Deferred Amounts:					
For Issuance Premiums	9,203,842	1,114,825	1,513,601	8,805,066	483,528
Less Bond Discount	(43,991)	-	(26,267)	(17,724)	-
Total Bonds Payable	\$ 325,854,538	\$ 34,051,218	\$ 27,947,195	\$ 331,958,561	\$ 17,799,968
Net Pension Liability	45,701,136	15,836,167	26,658,237	34,879,066	-
Accrued Compensated Leave*	4,768,543	2,856,870	2,815,807	4,809,607	2,928,439
Business-Type Activities Long-Term Debt	\$ 376,324,217	\$ 52,744,255	\$ 57,421,239	\$ 371,647,234	\$ 20,728,407

\* Adjusted by \$1,076,657 to reflect reclassification of Waste Management to Major Business-Type Activity.

**3. Major Fund - Water and Sewer Enterprise Fund (Included in Business-Type Activities)**

	Balance			Balance	Amounts
	July 1, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
Revenue Bonds	\$ 202,008,647	\$ -	\$ 9,083,131	\$ 192,925,516	\$ 9,371,806
	\$ 202,008,647	\$ -	\$ 9,083,131	\$ 192,925,516	\$ 9,371,806
Less/Add Deferred Amounts:					
For Issuance Premiums	6,074,527	-	404,013	5,670,514	404,013
Total Bonds Payable	\$ 208,083,174	\$ -	\$ 9,487,144	\$ 198,596,030	\$ 9,775,819
Net Pension Liability	27,427,723	9,504,140	15,999,049	20,932,814	-
Accrued Compensated Leave	2,761,101	1,702,951	1,705,845	2,758,207	1,774,078
Water and Sewer Long-Term Debt	\$ 238,271,998	\$ 11,207,091	\$ 27,192,038	\$ 222,287,051	\$ 11,549,897

**4. Major Fund – Storm Water Enterprise Fund (Included in Business-Type Activities)**

	Balance			Balance	Amounts
	July 1, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
Revenue Bonds	\$ 24,410,000	\$ 23,500,000	\$ 1,030,000	\$ 46,880,000	\$ 1,660,000
	\$ 24,410,000	\$ 23,500,000	\$ 1,030,000	\$ 46,880,000	\$ 1,660,000
Less/add Deferred Amounts:					
For Issuance Premiums	281,043	1,114,825	79,515	1,316,353	79,515
Total Bonds Payable	\$ 24,691,043	\$ 24,614,825	\$ 1,109,515	\$ 48,196,353	\$ 1,739,515
Net Pension Liability	9,223,617	3,196,129	5,380,290	7,039,456	-
Accrued Compensation Leave	898,921	557,605	432,761	1,023,765	450,071
Storm Water Long-Term Debt	\$ 34,813,581	\$ 28,368,559	\$ 6,922,566	\$ 56,259,574	\$ 2,189,586

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**6. LONG-TERM DEBT** (continued)

**A. A Summary of Changes In Long-Term Liabilities** (continued)

**5. Major Fund – Waste Management Enterprise Fund (Included in Business-Type Activities)**

	Balance			Balance	Amounts
	July 1, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
Net Pension Liability	\$ 8,593,092	\$ 2,977,642	\$ 5,012,494	\$ 6,558,240	\$ -
Accrued Compensated Leave	1,076,657	571,788	657,970	990,475	684,289
Waste Management Long-Term Debt	\$ 9,669,749	\$ 3,549,430	\$ 5,670,464	\$ 7,548,715	\$ 684,289

**6. Major Fund - Development Authority Enterprise Fund (Included in Business-Type Activities)**

	Balance			Balance	Amounts
	July 1, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
Public Facility Revenue Bonds	\$ 89,328,101	\$ 9,436,393	\$ 15,398,791	\$ 83,365,703	\$ 6,284,634
Revenue Note	947,939	-	947,939	-	-
Total Bonds Payable	\$ 90,276,040	\$ 9,436,393	\$ 16,346,730	\$ 83,365,703	\$ 6,284,634
For Issuance Premiums	2,848,272	-	1,030,073	1,818,199	-
Less Bond Discount	(43,991)	-	(26,267)	(17,724)	-
Virginia Beach Development Authority	\$ 93,080,321	\$ 9,436,393	\$ 17,350,536	\$ 85,166,178	\$ 6,284,634

**7. Component Unit - School Board**

	Balance			Balance	Amounts
	July 1, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
Accrued Compensated Leave	\$ 20,602,327	\$ 8,634,339	\$ 9,261,342	\$ 19,975,324	\$ 9,539,182
Estimated Claims and Judgements	17,288,000	145,467,000	145,637,000	17,118,000	12,838,500
Net Pension Liabilities	752,889,000	185,333,000	303,462,000	634,760,000	-
Long-Term Liabilities	\$ 790,779,327	\$ 339,434,339	\$ 458,360,342	\$ 671,853,324	\$ 22,377,682

**8. Component Unit - Virginia Beach Community Development Corporation**

	Balance			Balance	Amounts
	July 1, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
Notes Payable	\$ 16,570,067	\$ 30,859	\$ 361,752	\$ 16,239,174	\$ 886,922
Component Unit Long-Term Debt - Va. Beach Development Corp.	\$ 16,570,067	\$ 30,859	\$ 361,752	\$ 16,239,174	\$ 886,922

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**6. LONG-TERM DEBT (continued)**

**B. Bonds, Notes and Loans Payable**

Bond Issue/Purpose	Dated	Issue Amount	True Interest	Proprietary Percentage		Outstanding Balance	
				Storm Water %	Water & Sewer%	VBDA%	CITY
General Obligation Bonds and Loans:							
2015 A PI	4/21/2015	\$ 51,295,000	2.617345	-	-	-	\$ 51,295,000
2015 B PI Refunding	4/21/2015	56,530,000	1.989322	-	-	-	56,530,000
2014A PI	4/22/2014	85,055,000	2.920553	-	-	-	81,650,000
2013A PI	4/17/2013	22,885,000	2.587348	-	-	-	21,745,000
2013B PI Refunding	4/17/2013	33,795,000	2.143873	-	-	-	22,865,000
Pleasure House Point	7/10/2012	6,000,000	0.25	-	-	-	4,748,650
2012A PI	4/18/2012	65,000,000	2.849726	-	-	-	55,250,000
2012B PI Refunding	4/18/2012	19,630,000	2.413515	-	-	-	19,630,000
2011A PI	6/29/2010	90,000,000	3.212396	-	-	-	72,000,000
2010-1 QSCB	7/8/2010	4,875,000	5.31	-	-	-	3,450,000
2010 Recovery Zone	3/15/2010	5,995,000	3.038509	-	-	-	4,760,000
2010A PI	5/25/2010	60,000,000	2.97032	-	-	-	45,000,000
2009 PI Refunding	1/26/2010	20,755,000	3.041988	-	-	-	19,485,000
2009B PI Refunding	1/26/2010	78,875,000	2.910179	-	-	-	77,520,000
2009 PI	6/16/2009	72,000,000	3.655747	-	-	-	28,800,000
2008 PI	3/25/2008	90,000,000	4.161171	-	-	-	13,500,000
2008 VPSA	12/1/2008	6,350,705	-	-	-	-	4,599,175
2008 Refunding	5/13/2008	51,625,000	2.881742	-	-	-	2,550,000
2007 PI	3/27/2007	75,000,000	4.003699	-	-	-	7,500,000
2005 PI	12/15/2005	80,000,000	4.270424	-	-	-	4,000,000
2004B PI Refunding	10/1/2004	114,855,000	3.688578	-	-	-	54,905,000
2002 State Literary	1/1/2002	7,500,000	3	-	-	-	2,625,000
1996A School	11/14/1996	4,151,083	3	-	-	-	489,297
1996 State Literary	3/1/1996	2,500,000	3	-	-	-	125,000
1996 State Literary	3/1/1996	2,500,000	3	-	-	-	125,000
1995A PI	12/21/1995	2,096,324	3	-	-	-	123,720
Total General Obligation Bonds and Loans							\$ 655,270,842
Revenue Bonds:*							
2015 A Storm Water Revenue	1/28/2015	\$ 23,500,000	2.829639	100	-	-	\$ 23,500,000
2013 W&S Revenue	11/13/2013	44,845,000	3.641572	-	100	-	43,855,000
2010A Storm Water Revenue	11/16/2010	20,000,000	3.170505	100	-	-	17,860,000
2010B Storm Water Refunding	11/16/2010	7,380,000	2.607102	100	-	-	5,520,000
2010A W&S Revenue	6/29/2010	65,000,000	3.475462	-	100	-	58,760,000
2010B W&S Refunding	6/29/2010	8,410,000	3.02756	-	100	-	7,850,000
2010C W&S Refunding	6/29/2010	24,950,000	3.156061	-	100	-	21,400,000
2005 W&S Revenue & Refund	10/5/2005	92,700,000	4.2312375	-	100	-	53,395,000
2002 W&S Revenue	10/15/2002	28,000,000	4.8066	-	100	-	4,740,000
1998 Taxable W&S Revenue	8/28/1998	5,774,218	4.3	-	100	-	1,597,744
1997 Taxable W&S Revenue	1/30/1997	7,190,048	4.75	-	100	-	1,327,772
Total Revenue Bonds and Notes							\$ 239,805,516
Public Facility Revenue Bonds:							
2015 A Public Facility Revenue	6/25/2015	\$ 48,245,000	3.050953	-	-	-	\$ 48,245,000
2015 B Public Facility Revenue	6/25/2015	34,885,000	2.67798	-	-	-	34,885,000
2014A Public Facility Revenue	6/18/2014	44,975,000	2.984041	-	-	41.76	43,180,000
2014B Public Facility Revenue	6/18/2014	20,320,000	2.430979	-	-	25.62	20,320,000
2013A Public Facility Revenue	6/19/2013	20,960,000	2.599602	-	-	-	19,595,000
2012A Public Facility Revenue	4/18/2012	22,580,000	2.599602	-	-	-	20,140,000
2012B Public Facility Refunding	4/18/2012	25,640,000	2.448956	-	-	21.12	23,840,000
2010A Public Facility Revenue	5/25/2010	17,000,000	2.582319	-	-	-	8,500,000
2010B Public Facility Revenue	5/25/2010	98,035,000	2.993556	-	-	24.84	86,525,000
2010C Public Facility Refunding	5/25/2010	40,450,000	3.396935	-	-	31.31	39,955,000
2007A Public Facility Revenue	6/26/2007	96,835,000	4.5444247	-	-	19.51	14,825,000
2007B Public Facility Revenue	6/26/2007	4,030,000	6.296255	-	-	100.00	3,135,000
2005B Public Facility Revenue	5/1/2005	9,000,000	4.965915	-	-	89.00	5,595,000
Total Public Facility Bonds:							\$ 368,740,000
Other Long-Term Debt:							
2004 Williams Farm IPA	1/14/2014	\$ 4,250,000	5	-	-	-	\$ -
Agriculture Reserve Program	Various	41,464,092	Various	-	-	-	41,808,934
Total Other Long-Term Obligations							\$ 41,808,934
Grand Total Bonds, Notes and Loans Payable							\$ 1,305,625,292

\* Water and Sewer and Storm Water Enterprise Funds

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**6. LONG-TERM DEBT** (continued)

**B. Bonds, Notes and Loans Payable** (continued)

Defeased Debt - In current and prior years, the City defeased certain general obligation, public improvement, and public utility bonds by placing funds in irrevocable escrow accounts to provide for future debt service payments on the defeased debt. Accordingly, the escrow account assets and liabilities for the defeased debt are not included in the City's financial statements. At June 30, 2015, the outstanding balance of the defeased debt, including current year defeased debt, is \$197.4 million, and is considered in-substance defeased. Included in this total is \$7.4 million for the Water and Sewer Fund.

**C. Summary of Recent Refundings**

**1. Advance Refunding of Public Facility Revenue Bonds**

On June 25, 2015, the City issued \$34,885 million of Public Facility Refunding Revenue Bonds, Series 2015B to refund portions of the 2007A Series Public Facility Revenue Bonds. The refunding bonds combined with \$5.2 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$52.02 million of refunded Public Facility Revenue Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$995,000. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$3.5 million and resulted in an economic gain of \$3.06 million. On July 1, 2017 the escrow agent will call the \$35,880,000 series 2007A refunded bonds.

**2. Advance Refunding of General Obligation Public Improvement Bonds**

On April 21, 2015, the City issued \$56.53 million of General Obligation Public Improvement Refunding Bonds, Series 2015B to refund portions of the 2007, 2008, and 2009 Series General Obligation Public Improvement Bonds. The refunding bonds combined with \$13.64 million in premium to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$90.04 million of refunded General Obligation Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$7.52 million. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$8.77 million and resulted in an economic gain of \$7.24 million. The escrow agent will call \$26,250,000 Series 2007 refunded bonds on 9/15/16, \$27,000,000 series 2008 refunded bonds on 10/1/17, and \$10,800,000 series 2009 refunded bonds on 6/1/19.

**3. Current and Advance Refunding of General Obligation Public Improvement Bonds**

On April 17, 2013, the City issued \$33,795,000 of General Obligation Public Improvement Refunding Bonds, Series 2013B to refund portions of the 2003B and 2005 Series General Obligation Public Improvement Bonds. The refunding bonds combined with \$4.27 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$47.6 million of General Obligation Public Improvement Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$545,000. This difference is displayed as a deferred inflows of resources. The remaining life of the refunded debt is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$3.9 million and resulted in an economic gain of \$3.4 million. The 2003B Refunded bonds were called on 5/17/13 with the remaining \$24,000,000 Series 2005 to be called on 1/15/16.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**6. LONG-TERM DEBT** (continued)

**C. Summary of Recent Refundings** (continued)

**4. Advance Refunding of Public Facility Revenue Bonds Series 2002A, 2003A, 2005A and 2007A**

On May 25, 2010, the City issued \$98.035 million of Public Facility Refunding Revenue Bonds, Series 2010B and \$40.45 million of Public Facility Refunding Revenue Bonds, Series 2010C. The refunding bonds combined with \$19.03 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$137.5 million of Public Facility Revenue bonds. Included in the bonds sold were \$37.015 million in Public Facility Refunding Revenue Bonds to refund debt currently held by the Virginia Beach Development Authority. The remaining bonds were sold to refund debt currently outstanding for the City. As a result, the refunded bonds are considered to be defeased and the City's portion of the liability has been removed from the government activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt currently held by \$985,000. This difference was displayed as a deferred outflows of resources. The remaining life of the refunded debt is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$6.36 million and resulted in an economic gain of \$4.1 million. The refunded bonds escrow agent has called all of the 2002A, 2003A, and 2007A refunded bonds. Series 2007A bonds of \$10 million will be called by the escrow agent on 7/15/17.

**5. Advance Refunding of General Obligation Public Improvement Bonds**

On January 26, 2010, the City issued \$20.755 million of General Obligation Public Improvement Bonds, Series 2009A and \$78.875 million of General Obligation Public Improvement Bonds, Series 2009B. The refunding bonds combined with \$12 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$100 million of General Obligation Public Improvement Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt currently held by \$.37 million. This difference was displayed as deferred outflows of resources. The remaining life of the refunded debt is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$8.03 million and resulted in an economic gain of \$5.6 million. The refunded bonds escrow agent called all of the 2001, 2002, and 2004A refunded bonds. The remaining refunded bonds will be called as follows: \$16m series 2005 on 1/15/16, \$11.25m series 2007 on 9/15/16, \$18m series 2008 on 10/1/17, and \$10,800,000 series 2009 bonds on 6/1/19. Escrowed refunded bonds outstanding to be called total \$56,050,000.

**6. Advance Refunding of Water and Sewer Revenue Bonds**

On June 29, 2010, the City issued \$8.41 million of Water and Sewer Refunding Revenue Bonds, Series 2010B and \$24.95 million of Water and Sewer Refunding Revenue Bonds, Series 2010C. The refunding bonds combined with \$1.01 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$30.64 million of Water and Sewer Revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt currently held by \$2.72 million. This difference was displayed as deferred outflows of resources. The remaining life of the refunded debt is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 18 years by \$1.7 million and resulted in an economic gain of \$1.4 million. Escrow agent on the refunded bonds called all of the 2002 Water and Sewer refunded bonds on 10/1/12 and will call the remaining \$7,380,000 series 2005 refunded bonds on 10/1/15.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**6. LONG-TERM DEBT** (continued)

**D. A Summary of Annual Requirements to Amortize All Bonds and Notes Payable**

Annual Debt Service requirements to maturity for General Obligation Bonds are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 59,454,318	\$ 28,710,537
2017	56,599,860	26,451,847
2018	53,513,194	23,749,480
2019	50,984,035	20,976,823
2020	51,110,502	18,382,384
2021-2025	204,118,176	63,646,024
2026-2030	133,905,757	24,374,476
2031-2035	45,585,000	4,003,975
	<u>\$ 655,270,842</u>	<u>\$ 210,295,546</u>

Annual Debt Service requirements to maturity for Revenue Bonds are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2016	\$ 11,031,806	\$ 10,377,992
2017	11,482,706	9,933,253
2018	10,885,728	9,474,669
2019	11,375,276	9,008,883
2020	10,765,000	8,536,698
2021-2025	61,065,000	35,429,627
2026-2030	56,280,000	21,700,375
2031-2035	44,300,000	9,952,920
2036-2040	22,620,000	1,532,963
<b>Totals</b>	<u>\$ 239,805,516</u>	<u>\$ 115,947,380</u>

Annual Debt Service requirements to maturity for Public Facility Revenue Bonds are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 22,060,366	\$ 11,342,294	\$ 6,284,634	\$ 3,643,416
2017	23,203,720	11,553,298	6,921,280	3,525,455
2018	23,961,160	10,452,975	7,333,840	3,190,960
2019	24,746,160	9,296,691	7,073,840	2,836,214
2020	25,470,881	8,183,368	7,249,120	2,509,056
2021-2025	108,940,683	22,976,221	34,429,317	6,916,685
2026-2030	37,371,687	6,750,034	10,258,312	1,616,561
2031-2035	19,619,640	1,805,322	3,815,360	346,959
	<u>\$ 285,374,297</u>	<u>\$ 82,360,203</u>	<u>\$ 83,365,703</u>	<u>\$ 24,585,306</u>

Debt service requirements for general obligation bonds are principally met by the General Fund. Also, for the Governmental Activities, Landfill Closure and Post-Closure Care, Federal Arbitrage Rebate (there are no set maturity dates for these liabilities) will be liquidated by the General Fund. Compensated absences (except School Board and most Proprietary Funds) will be liquidated by the General Fund. Internal Service Funds predominately serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for Governmental Activities in Note 1A1. Claims and Judgments are liquidated by the Risk Management Fund.

Interest expense incurred on the above noted debt for the year ended June 30, 2015, was \$54,730,333. Of this amount, \$3,424,815 was capitalized in the Major Enterprise Funds and in the Business-Type Activities.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**6. LONG-TERM DEBT** (continued)

**E. Agricultural Reserve Program**

On May 9, 1995, City Council adopted an ordinance establishing the Agricultural Reserve Program ("ARP"). The primary purpose of the ordinance is to promote and encourage the preservation of farmland in the rural southern portion of the City. Through ARP, the City acquires development rights in designated areas within the southern portion of the City through the purchase of agricultural land preservation easements. Landowners who meet certain eligibility criteria may sell an easement to the City while holding fee simple title to the land and continuing to farm. The City acquires these development rights by executing installment purchase agreements with the landowners.

These agreements provide for the payment of the principal balance of the agreement in a single installment due approximately twenty-five years after execution of the agreement. Interest on the unpaid principal balance is payable semi-annually. On May 9, 1995, the City Council originally dedicated a one and one-half cent increase in the real estate tax to finance the program; on May 11, 2004, the City Council reduced this amount to one cent; on May 9, 2006 the City Council reduced the tax rate to nine tenths of one cent.

These obligations constitute indebtedness within the meaning of Article VII, Section 10 of the Virginia Constitution and will be general obligations of the City, pledging the full faith and credit and unlimited taxing power of the City. By policy, interest and principal payments will be paid from a dedicated portion of real estate taxes. Principal payments will be made from maturing zero coupon Treasury securities purchased from the dedicated portion of real estate taxes.

As of June 30, 2015, 90 installment purchase agreements totaling 9,127 acres at a total purchase price of \$41,808,934 have been executed.

Annual Debt Service requirements to maturity for Agricultural Reserve Program:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2016	\$ -	\$ 2,244,358
2017	-	2,244,358
2018	-	2,244,359
2019	-	2,244,359
2020	-	2,244,359
2021-2025	12,638,005	9,405,230
2026-2030	9,704,085	5,394,172
2031-2035	9,751,345	3,454,039
2036-2040	9,715,499	488,946
<b>Totals</b>	<b>\$ 41,808,934</b>	<b>\$ 29,964,180</b>

**F. Legal Debt Margin**

The Legal Debt Margin is a charter requirement which sets the upper limit on the amount of debt Virginia Beach may issue. At June 30, 2015, the legal debt margin was \$5.1 billion. However, the City Council has adopted four affordability polices that restrict the amount of debt below the amount indicated by the "Legal Debt Margin", including a ceiling of \$2,800 net debt per capita.

**G. Water and Sewer Enterprise Revenue Bonds**

Water and Sewer Revenue Bonds are obligations of the City, payable solely from pledged revenues of the System (Water and Sewer Fund), subject to the prior application thereof to the payment of Operating Expenses. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year.

**H. Storm Water Revenue Bonds**

Storm Water Revenue Bonds are obligations of the City, payable solely from pledged revenues of the System (Storm Water Fund), subject to the prior application thereof to the payment of Operating Expenses. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**6. LONG-TERM DEBT** (continued)

**I. Debt Service Expenditures**

	<b>Principal*</b>	<b>Interest and Fiscal</b>	
	<b>Retirement</b>	<b>Charges</b>	<b>Total</b>
<b>General Government City:</b>			
General Obligation Bonds	\$ 58,799,390	\$ 29,303,490	\$ 88,102,880
State Literary Fund Loans	625,000	105,000	730,000
Public Facility Revenue Bonds	21,076,210	11,155,297	32,231,507
Agriculture Reserve Program	-	2,235,909	2,235,909
Bank Charges & Bond Issuance Costs	-	1,659,467	1,659,467
Total Tax Supported Debt Service	<u>\$ 80,500,600</u>	<u>\$ 44,459,163</u>	<u>\$ 124,959,763</u>
	<b>Principal*</b>	<b>Interest and Fiscal</b>	
	<b>Retirement</b>	<b>Charges</b>	<b>Total</b>
<b>Enterprise Funds:</b>			
Revenue Bonds	\$ 10,113,130	\$ 10,244,350	\$ 20,357,480
Public Facility Revenue Bonds	5,078,791	3,922,196	9,000,987
Bank Charges & Bond Issuance Costs	-	402,747	402,747
Total Enterprise Debt Service	<u>\$ 15,191,921</u>	<u>\$ 14,569,293</u>	<u>\$ 29,761,214</u>
<b>Total Debt Service</b>	<u><b>\$ 95,692,521</b></u>	<u><b>\$ 59,028,456</b></u>	<u><b>\$ 154,720,977</b></u>

\* Excludes bonds refunded

**J. Accrued Compensated Leave**

The accrued compensated leave is as follows at June 30, 2015:

	<b>Primary Government</b>		<b>School Board</b>	
	<b>Governmental</b>	<b>Business-Type</b>	<b>Component Unit</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>		
City - Annual	\$ 30,225,941	\$ 3,756,436	\$ -	\$ 33,982,377
City - Compensatory	8,534,806	400,282	-	8,935,088
City - Sick	3,543,721	652,889	-	4,196,610
School - Annual	-	-	9,287,234	9,287,234
School - Sick	-	-	8,802,031	8,802,031
School - Personal	-	-	1,886,059	1,886,059
Total	<u>\$ 42,304,468</u>	<u>\$ 4,809,607</u>	<u>\$ 19,975,324</u>	<u>\$ 67,089,399</u>

**K. Authorized But Unissued Bonds**

<b>Purpose</b>	<b>June 30, 2015</b>
General Obligation Debt:	
2013 Charter Bonds	\$ 4,173,072
2014 Charter Bonds	65,073,816
2015 Charter Bonds	68,900,000
Total General Obligation Debt	<u>\$ 138,146,888</u>
Water and Sewer Debt:	
2012 W & S Revenue Bonds	\$ 25,242,666
2013 W & S Revenue Bonds	27,000,000
2014 W & S Revenue Bonds	27,000,000
2015 W & S Revenue Bonds	20,000,000
Total Water and Sewer Debt	<u>\$ 99,242,666</u>
Storm Water Utility Revenue Bonds:	
2013 Storm Water Utility Revenue Bonds	\$ 11,748,440
2014 Storm Water Utility Revenue Bonds	9,000,000
2015 Storm Water Utility Revenue Bonds	16,656,167
Total Storm Water Utility Debt	<u>\$ 37,404,607</u>
Total Authorized and Unissued Debt - June 30, 2015	<u>\$ 274,794,161</u>

(continued)



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**6. LONG-TERM DEBT** (continued)

**L. Revenue Covenants**

Management believes the City is in compliance with all significant financial covenants contained in the various bond indentures, including those found in the Master Resolution adopted February 1992, as amended and supplemented, for the Water & Sewer Revenue Bonds.

**M. Notes Payable - Discretely Presented Component Unit Community Development Corporation**

Various mortgage loan agreements and notes payable with interest at 3.25% to 7.1%,  
collateralized by real property.

\$ 16,239,174

**N. Compliance**

Management believes the City has no violations of finance related legal and contractual provisions.

**O. Public Facility Revenue Bonds and Associated VBDA Support Agreements**

The Virginia Beach Development Authority (VBDA), a blended component unit of the City, issued Public Facility Revenue Bonds (PFRB), Series 2005B, and 2007A & B, to finance the acquisition of three public parking garages and appurtenant structures for the Town Center Project - Phase II and III. VBDA issued 2014A Public Facility Revenue Bonds and paid \$20.5 million (includes premium) to purchase the Block 11 garage in Town Center Phase V during FY2014. These bonds are limited obligations of the Authority, payable from certain payments to be made by the City pursuant to a Support Agreement dated June 1, 2002, as amended.

The Authority issued Public Facility Revenue Bonds, Series 2010B & C, Series 2012B, and 2014B and 2015B to advance refund certain maturities of the previously issued PFRB's series 2002A, 2003A, 2005A, 2007A series and its 1998 Lease Revenue Bonds.

A portion of the Public Facility Revenue Bonds, Series 2003, 2005A, 2007A, 2010A, Series 2012A, and 2014A was used to finance acquisition and construction of various capital improvements in the City of Virginia Beach.

The obligation of the City is subject to annual appropriation by the City Council and therefore, these bonds do not constitute a general obligation debt of the City or a pledge of the full faith and credit of the City. The bonds are limited obligations of the Authority, payable solely from payments made by the City pursuant to a Support Agreement dated September 1, 2003, as supplemented and amended.

**7. ASSETS AND OBLIGATIONS UNDER LEASES**

**Operating Leases Governmental Activities**

**Social Services Facility**

The City is leasing the Social Services Facility through a financing arrangement with the Virginia Beach Development Authority. Under the arrangement, the Authority issued \$9,800,000 in tax-exempt Lease Revenue Bonds to finance the Facility. In June 2012, the remaining balance of the Lease Revenue Bonds for Social Services was refinanced with a public facility revenue bond.

The leasing arrangement allows additional rent of \$50,000 to be paid semi-annually to be placed in a reserve to be used as needed for capital and structural improvements, maintenance and repair of the facility.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**8. DEPOSITS AND INVESTMENTS**

*Custodial credit risk* – All cash of the City including the School Board Component Unit (excluding the School Board Activity Funds) is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by Federal depository insurance.

The City has compensating balance arrangements with two financial institutions. Bank of America provides services to the City while a \$3.5 million balance is maintained in a demand deposit account. A fluctuating checking balance based on monthly investment services is a requirement of Branch Banking & Trust (BB&T).

As of June 30, 2015, the City had the following investments. Except for the investments in the State Non Arbitrage Program (SNAP), Virginia Investment Pool (VIP), and Local Government Investment Pool (LGIP), all investments are in an internal investment pool.

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturities (in months)</b>
Certificates of Deposit	\$ 95,500,000	0.96
State Treasurer's Local Government Investment Pool (LGIP)	180,000,000	0.36
Virginia Investment Pool (VIP)	10,090,263	0.02
BB&T Insured Cash Sweep	100,220,139	0.20
Commercial Paper Disc. – Amortizing	59,132,076	0.71
U. S. Government Securities	34,000,000	1.23
State Non Arbitrage Program – SNAP	20,591,857	0.04
Total Fair Value	<u>\$ 499,534,335</u>	
Portfolio Weighted Average Maturity		<u>0.52</u>

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2015:

	<b>Primary Government</b>	<b>School Board Component Unit</b>	<b>Total</b>
Cash and Investments	\$ 318,269,254	\$ 116,552,967	\$ 434,822,221
Restricted Cash and Cash Equivalents	451,209,816	-	451,209,816
Fiduciary Funds	220,821	17,549,893	17,770,714
Total	<u>\$ 769,699,891</u>	<u>\$ 134,102,860</u>	<u>\$ 903,802,751</u>
Less: Cash on Deposit			<u>(404,268,416)</u>
Total Market Value of Investments at June 30, 2015			<u>\$ 499,534,335</u>

**Interest Rate Risk:**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits maximum final stated maturities of investments to five years. In addition, the City will structure the investment portfolio so that securities mature to meet cash requirements and by investing operating funds primarily in shorter-term securities.

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements. Reverse and escrow funds may be invested in securities exceeding five years to maturity if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

The City assumes all investments will be held until maturity or until called at their par value. However, an investment may be sold at an earlier date to meet certain obligations or if the investment's credit quality drops. This makes the City's investments sensitive to market rate fluctuations. To mitigate the impact of market rate fluctuations, the City maintains enough liquidity to meet its short-term needs with a smaller portion invested in long-term government-sponsored organizations and high-quality corporate notes.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**8. DEPOSITS AND INVESTMENTS** (continued)

**Credit Risk:**

Credit risk is the risk an investor is subject to as a result of the credit quality of investments in debt securities. Statutes as well as the City's investment policy authorize the City to invest in obligations of the United States or agencies thereof; the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Development (World Bank); the Asian Development Bank; the African Development Bank; commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record; bankers' acceptance instruments; repurchase agreements which are collateralized with securities approved for direct investment; State Treasurer's Local Government Investment Pool (LGIP); and corporate notes with at least a rating of Aa by Moody's or AA by Standard and Poor's.

The LGIP is an externally managed investment pool that is not registered with the Securities Exchange Commission but is managed as a "2a-7 like pool". Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The LGIP values portfolio securities by the amortized cost method and on a monthly basis this valuation is compared to current market to monitor any variance. The fair value of the City's position in the pool is the same as the value of the pool shares.

*Custodial Credit Risks Investments* – For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City requires that all investments be clearly marked as to ownership and to the extent possible, be registered in the name of the City. In addition, the City pre-qualifies the financial institutions, brokers/dealers, intermediaries and advisors with which the City will do business.

The City's rated debt investments as of June 30, 2015 were rated by Standard & Poor's and Moody's and/or an equivalent national rating organization and the ratings are presented below using the respective rating scale from both agencies.

	<u>AAA</u>	<u>A1/P1/F1+</u>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 180,000,000	\$ -
U. S. Government Securities	34,000,000	-
State Non Arbitrage Program (SNAP)	20,591,857	-

**Concentration of Credit Risk:** Concentration of credit risk represents the risk of investments in any one issue that represents five percent or more of investments. The City's investment policy limits the amount it can invest in commercial paper and bankers' acceptance instruments. By policy, investments in commercial paper are limited to 35% of the total available for investment, and not more than 5% of the total available for investment can be invested in any one issuing corporation. Bankers' acceptance instruments shall not exceed 50% of the total investment portfolio's book value on the date of acquisition.

At June 30, 2015, investments in bankers' acceptance instruments and U.S. Government Securities are recorded at fair value. All other investments are reported utilizing amortized cost due to maturity dates less than one year. The fair valuing of bankers' acceptance instruments and U.S. Government Securities at June 30, 2015 resulted in a net increase of \$170,660.

All City and School Board Funds participate in a centralized cash and investment pool. Interest earnings on investments are allocated to the appropriate funds based upon the average monthly cash balance of each fund. As of June 30, 2015, \$31,230 in interest income was reported in designated funds and subsequently transferred to the General Fund.

**9. COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

The City is a named defendant in litigation filed by parties concerning alleged personal injuries, property damage, and other causes of action. The City is vigorously defending all cases and expects no losses will be incurred which would have a material effect on the City's financial position.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**9. COMMITMENTS AND CONTINGENCIES** (continued)

**B. Intergovernmental Grants, Entitlements, and Shared Revenues**

The City participates in a number of federal and state grants, entitlements, and shared revenues programs. These programs are subject to program compliance audits by the applicable federal or state agency or their representatives.

Furthermore, the U.S. Congress passed legislation called the "Single Audit Act Amendment of 1996" which required most governmental recipients of federal assistance to have an annual independent organization-wide financial and compliance audit. The results thereof are incorporated in this report. The amounts, if any, of expenditures which may be disallowed by these audits cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**C. City Manager Employment Contract**

On August 27, 2013 City Council approved the extension of the City Manager's contract through November 30, 2015, which has been extended to January 1, 2016, at which time the City Manager will be retiring.

**D. Salaries Payable**

The outstanding School Board Component Unit Funds' amount represents salaries due (2 months) to schoolteachers who have opted to be paid over a twelve-month period, and to substitute and supplemental school personnel.

**E. Landfill Closure**

On August 8, 1984, the City entered into two agreements with Southeastern Public Service Authority of Virginia (SPSA). Under the first agreement, which continues until January 2018, the City agreed to use SPSA's solid waste disposal system to dispose of solid waste generated within and collected by the City. For this service, the City agreed to pay tipping fees to SPSA.

Under the second agreement, which expires December 31, 2015, the City agreed to accept at its sanitary landfill ash and process residue generated by SPSA's refuse derived fuel processing plant. For these disposal services, SPSA agreed to pay the City the reasonable costs incurred in operating the landfill, including all operating costs as well as capital expenditures relative to regulatory compliance. Federal and State laws and regulations require that a final cover be placed on the landfill site when it stops accepting waste and to perform maintenance and monitoring functions at the site for 30 years after closure.

The total capacity of the developed cells at the landfill is 8.75 million tons. Future development will increase the total landfill capacity to 13.572 million tons. The City used 3.597 million tons prior to the date of the agreements (August 1984). Total usage to date has been estimated at 8.2 million tons. Estimated remaining life of the landfill is 25 years.

To date, approximately 93.55 percent of the developed landfill has been used. Based on a 2012 study, the present value of the estimated cost for both closure and post-closure care is \$25,314,812, an amount based on landfill capacity used to date. Until another cell of the landfill is opened, no additional estimated closure and post-closure care costs will be recognized, except for the effects of inflation, changes in estimates, changes in technology or changes in laws or regulations. This amount is reflected in the government-wide financial statements.

These estimates are subject to adjustment for inflation and to account for any changes in landfill conditions, regulatory requirements, technologies, or cost estimates. The City is required by law to submit a worksheet that demonstrates the ability to fund landfill closure and post-closure care costs.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**9. COMMITMENTS AND CONTINGENCIES** (continued)

**F. Water Services Contract**

The City and Norfolk have entered into a Water Services Contract effective July 1, 1993 expiring in the year 2030. The Services Contract establishes engineering, water quality, and operational standards for Norfolk to receive, convey, treat, and deliver Lake Gaston water to the City.

Norfolk is required to reset rates every two years based upon a cost of services study performed by an independent consulting firm that compares projected versus actual water expenses. On a biennial basis an adjustment is made based upon the actual costs incurred in the previous two years.

**G. Encumbrances**

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to reserve an applicable portion of an appropriation is used as an extension of formal budgetary control by the City. At June 30, 2015 the City had outstanding encumbrances as follows:

<b>General Fund</b>	
Communications and Information Technology	\$ 1,157,846
General Government	1,411,498
Human Services	782,365
Libraries	573,935
Museums and Cultural Arts	357,327
Sandler Center for the Performing Arts	942,997
Police	590,385
Public Works	3,990,129
Parks and Recreation	452,673
Vehicle Replacement	406,905
Total General Fund	<u>\$ 10,666,060</u>
<b>Capital Projects Fund</b>	
Engineering and Highways	\$ 105,093,517
Buildings	27,034,625
Parks and Recreation	27,136,984
Coastal	4,332,102
Economic and Tourism	22,225,381
Total Capital Projects Fund	<u>\$ 185,822,609</u>
<b>Nonmajor Special Revenue Funds</b>	
	<u>2,551,122</u>
Total	<u>\$ 199,039,791</u>

**10. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS**

**A. Interfund Transfers**

Interfund transfers for the year ended June 30, 2015 were made up of the following:

<b>Transfer To:</b>	<b>General Fund</b>	<b>Nonmajor Governmental</b>	<b>Nonmajor Parking Enterprise</b>	<b>Internal Service</b>	<b>Total</b>
General Fund	\$ -	\$ 7,480,088	\$ -	\$ -	\$ 7,480,088
Capital Projects Fund	43,256,040	16,693,140	300,000	1,500,000	61,749,180
Storm Water Fund	-	29,019	-	-	29,019
Water and Sewer Fund	125,000	-	-	-	125,000
Nonmajor Governmental	69,966,486	3,000,002	-	-	72,966,488
Internal Service Funds	3,639,476	-	-	-	3,639,476
Total	<u>\$ 116,987,002</u>	<u>\$ 27,202,249</u>	<u>\$ 300,000</u>	<u>\$ 1,500,000</u>	<u>\$ 145,989,251</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**10. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS** (continued)

**A. Interfund Transfers** (continued)

**Purpose:**

**Transfers From General Fund:**

\$	43,256,040	Capital Projects Fund: Funding for Pay-As-You-Go Capital Projects Fund.
	125,000	Water and Sewer Fund: Funding for support of capital projects.
	69,966,486	Nonmajor Governmental Funds: Funding for Special Revenue programs.
	3,639,476	Internal Service Funds: Funding for Risk Management support.

**Transfers From Nonmajor Governmental Funds:**

\$	7,480,088	General Fund: Special Revenue Funds, primarily surplus funds from Sandbridge TIF and Agriculture Reserve.
	16,693,140	Capital Projects Fund: Funding for Pay-As-You Go capital projects.
	29,019	Storm Water Fund: Funding for support of Storm Water operations.
	3,000,002	Nonmajor Governmental Funds: Funding for support of existing programs

**Transfer From Nonmajor Enterprise Fund:**

\$	300,000	Capital Project Funds: Economic and Tourism.
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**Transfer From Internal Service Funds:**

\$	1,500,000	Capital Project Funds: Funding for Communications System Capital.
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**B. Net Position Deficit**

The following Primary Government fund has a deficit balance in equity at June 30, 2015:

**Proprietary Funds:**

Waste Management Fund	\$	69,437
Risk Management Fund	\$	23,292,837
City Garage	\$	1,219,470
School Site Landscaping	\$	1,717,272

The deficit in the Risk Management Fund represents the actuarially estimated liability for future claims. The rate structure for the Risk Management Fund is continually being evaluated for adjustments thereto.

The deficit in the Waste Management, City Garage and School Site Landscaping Funds are a result of the recognition of their share of June 30, 2015 Pension Liability. The respective rate structure will be evaluated for future adjustments.

**C. Accounting Changes, Restatements and Fund Combinations**

1. The City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 71) for the fiscal year ended June 30, 2015.

Implementation of GASB 68 established standards for recognizing net pension liabilities, deferred outflows, deferred inflows, and employer pension expenses. The inclusion of the pension liabilities in the financial statements caused a restatement of prior period net position for fiscal year ended June 30, 2014. This restatement decreased prior period net position, added a net pension liability, as well as a deferred inflow and deferred outflow. The total effect of the restatement for the City decreased net position by \$391,504,570 and can be seen in the chart below.

Implementation of GASB 71 did not have any financial reporting impact on the City for fiscal year ended June 30, 2015.

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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**10. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS** (continued)

**C. Accounting Changes, Restatements and Fund Combinations** (continued)

2. Effective July 1, 2014, the Waste Management Special Revenue Fund was converted into the Waste Management Enterprise Fund. This caused the remaining fund balance of \$1,038,064 to be converted into the beginning net position of the new fund. This also changed the scope of the fund from a governmental activity to a business-type activity, as can be seen in the chart below.

	<b>FY14 Ending Net Position</b>	<b>Net Pension Liability Adjustment</b>	<b>Waste Management Reclass</b>	<b>FY15 Beginning Net Position</b>
Fund Type:				
Governmental Activities	\$ 2,714,178,489	\$ (350,592,417)	\$ (1,038,064)	\$ 2,362,548,008
Business-Type Activities	994,872,095	(40,912,153)	1,038,064	954,998,006
	<u>\$ 3,709,050,584</u>	<u>\$ (391,504,570)</u>	<u>\$ -</u>	<u>\$ 3,317,546,014</u>
	<b>FY14 Ending Net Position</b>	<b>Net Pension Liability Adjustment</b>	<b>Waste Management Reclass</b>	<b>FY15 Beginning Net Position</b>
Governmental Activities Fund Restatements:				
Waste Management SRF	\$ 1,038,064	\$ -	\$ (1,038,064)	\$ -
City Garage ISF	\$ 3,483,997	\$ (4,840,795)	\$ -	\$ (1,356,798)
Risk Management ISF	\$ (18,712,506)	\$ (504,119)	\$ -	\$ (19,216,625)
School Site Landscaping ISF	\$ 633,798	\$ (23,492)	\$ -	\$ (1,715,694)
Telecommunications ISF	\$ 3,696,780	\$ (737,720)	\$ -	\$ 2,959,060
Business-Type Activities Fund Restatements:				
Water and Sewer	\$ 621,127,090	\$ (24,553,596)	\$ -	\$ 596,573,494
Storm Water	\$ 313,778,984	\$ (8,257,082)	\$ -	\$ 305,521,902
Waste Management	\$ -	\$ (7,692,629)	\$ 1,038,064	\$ (6,654,565)
Nonmajor Parking	\$ 4,882,974	\$ (408,846)	\$ -	\$ 4,474,128

**11. RISK MANAGEMENT**

**A. Primary Government Self-Insurance Program**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is also exposed to the risk of loss for employee medical benefits. These benefits are accounted for in the School Health Insurance Internal Service Fund. This fund accounts for and finances this joint self-insured program between the City and the School Board. During Fiscal Year 1973, the City established a Risk Management Fund (an internal service Fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$1,000,000 for each workers' compensation claim, \$2,000,000 for each general and auto liability claim, \$50,000 for each fire and property claim, and \$2,000,000 for each public officials (errors and omissions) claim. The insurance coverage for each major category of risk is the same as those reported in the prior fiscal year. There have not been any reductions in commercial insurance coverage from the prior year and the amount of settlements applied against this coverage in each of the past three years did not exceed the commercial insurance. The City has \$10 million of excess insurance coverage per claim and \$20 million aggregate.

All funds of the City participate in the program (except for School Board Component Unit Funds) and make payments to the Risk Management Fund based on normal underwriting criteria and each agency's loss experience. The City uses an actuary to aid in the determination of self-insurance liabilities.

The estimated claims and judgments liability of \$30,857,594 reported in the Fund at June 30, 2015 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**11. RISK MANAGEMENT** (continued)

**A. Primary Government Self-Insurance Program** (continued)

be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City prepares a biannual update of the actuarial liability and believes the estimates contained in its latest actuarial analysis, dated June 30, 2013, substantially reflects estimated claims and judgments for the period ending June 30, 2015.

	<u>Beginning</u> <u>Liability</u>	<u>Claims &amp; Changes</u> <u>in Estimates</u>	<u>Claims</u> <u>Payments</u>	<u>Balance at</u> <u>Year-End</u>
2013-2014	\$ 25,462,274	\$ 11,249,594	\$ 11,249,594	\$ 25,462,274
2014-2015	\$ 25,462,274	\$ 13,475,124	\$ 8,079,804	\$ 30,857,594

**B. School Board Self-Insurance Program**

The School Board is self-insured for a portion of its risks. This self-insurance coverage for Fire and Property Insurance is \$100,000 per occurrence and 1% of the total insured value of the damaged covered property when such loss or damage results from a named storm (minimum deductible - \$250,000 per occurrence); Boiler and Machinery is \$10,000 per occurrence; School Leaders Liability (errors and omissions) is \$350,000 per occurrence; Employee Dishonesty is \$1,000 per occurrence; General Liability is \$350,000 per occurrence; Vehicle Liability is \$350,000 per occurrence; Vehicle Catastrophic Fleet Damage is \$60,000 per occurrence; and Workers' Compensation is \$850,000 per occurrence.

Commercial insurance is purchased to cover the amount in excess of the above self-insured levels for specific losses. When economically feasible, commercial insurance is purchased to cover certain exposures completely. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years. The insurance coverage is substantially the same as in prior fiscal years.

Claims processing and payments for all insurance claims are made through commercial carriers and third-party administrators.

The School Board uses the information provided by the third-party administrators to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2015 is \$8,590,000 (undiscounted) as follows:

<u>Fiscal</u> <u>Year</u>	<u>Beginning -of</u> <u>Fiscal-Year</u> <u>Liability</u>	<u>Current-Year</u> <u>Claims &amp; Changes</u> <u>in Estimates</u>	<u>Claims</u> <u>Payments</u>	<u>Balance at</u> <u>Fiscal</u> <u>Year-End</u>
2013-2014	\$ 7,272,000	\$ 6,246,000	\$ 5,622,000	\$ 7,896,000
2014-2015	\$ 7,896,000	\$ 6,588,000	\$ 5,894,000	\$ 8,590,000

**Effective January 1, 2000, the School Board established a self-insured health care benefits program for all School Board and City employees.** Certain claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$600,000. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years. Claims processing and payments for all health care claims are made through third-party administrators. The School Board uses the information provided by the third-party administrators and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2015 is \$8,528,000 (undiscounted), as follows:

<u>Fiscal</u> <u>Year</u>	<u>Beginning -of</u> <u>Fiscal-Year</u> <u>Liability</u>	<u>Current-Year</u> <u>Claims &amp; Changes</u> <u>in Estimates</u>	<u>Claims</u> <u>Payments</u>	<u>Balance at</u> <u>Fiscal</u> <u>Year-End</u>
2013-2014	\$ 8,578,000	\$ 136,996,000	\$ 136,182,000	\$ 9,392,000
2014-2015	\$ 9,392,000	\$ 138,879,000	\$ 139,743,000	\$ 8,528,000

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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**11. RISK MANAGEMENT** (continued)

**C. Surety Bonds**

All City employees, including employees of elected constitutional officers (Commissioner of the Revenue, Treasurer, Commonwealth's Attorney, Sheriff, Clerk of the Circuit Court), are bonded in favor of the City in the amount of \$1,000,000. This bond is written by the Travelers Insurance Company.

The Commonwealth of Virginia has secured a blanket bond for the City Treasurer and Finance Director (\$1,600,000) Commissioner of Revenue (\$3,000) and the Sheriff (\$30,000) which covers the bonds required by law or contract for the position they hold. The bond is written by Travelers Casualty and Surety Company of America.

The Commonwealth of Virginia also provides coverage through the "Faithful Performance of Duty Bond Plan" in the amount of \$500,000 for the constitutional officers. This does take the place of a separate bond required by law or contract.

All School Board employees are covered by a faithful performance bond in the amount of \$100,000 to protect the School Board in the event of fraudulent acts.

**12. RETIREMENT**

**A. Virginia Retirement System**

**Plan Description**

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing, Multiple Employer Pension Plan
Administering Entity:	Virginia Retirement System (System)

***Plan Description***

The City and School Board Nonprofessional (non-teacher) are a separate cost-sharing pool within VRS, and makes contributions based on rates set by VRS's actuarial calculations of the annual required contributions. All full-time, salaried permanent employees of the City and School Board are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Within the VRS Plan, the System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

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**CITY OF VIRGINIA BEACH, VIRGINIA  
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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1:</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>About Plan 2:</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><b>About the Hybrid Retirement Plan:</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p><b>Eligible Members:</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>Eligible Members:</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><b>Eligible Members:</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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<p><b>Hybrid Opt-In Election:</b>  VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Hybrid Opt-In Election:</b>  Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><b>*Non-Eligible Members:</b>  Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions:</b>  Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund.</p> <p>The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions:</b>  Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p><b>Retirement Contributions:</b>  A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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<p><b>Creditable Service:</b>  Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service:</b>  Same as Plan 1.</p>	<p><b>Creditable Service</b>  <b><u>Defined Benefit Component:</u></b>  Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><b><u>Defined Contributions Component:</u></b>  Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p><b>Vesting:</b>  Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting:</b>  Same as Plan 1.</p>	<p><b>Vesting</b>  <b><u>Defined Benefit Component:</u></b>  Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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		<p><b><u>Defined Contributions</u></b>  <b><u>Component:</u></b>  Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit:</b>  The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p><b>Calculating the Benefit:</b>  See definition under Plan 1.</p>	<p><b>Calculating the Benefit <u>Defined Benefit Component:</u></b>  See definition under Plan 1.</p>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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<p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>		<p><b><u>Defined Contribution Component:</u></b>  The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation:</b>  A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation:</b>  A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation:</b>  Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier VRS:</b>  The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p>	<p><b>Service Retirement Multiplier VRS:</b>  Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p><b>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS:</b>  The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>
<p><b>Sheriffs and regional jail superintendents:</b>  The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p>	<p><b>Sheriffs and regional jail superintendents:</b>  Same as Plan 1.</p>	<p><b>Sheriffs and regional jail superintendents:</b>  Not applicable.</p>
<p><b>Political subdivision hazardous duty employees:</b>  The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p><b>Political subdivision hazardous duty employees:</b>  Same as Plan 1.</p>	<p><b>Political subdivision hazardous duty employees:</b>  Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b>  Not applicable.</p>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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<p><b>Normal Retirement Age VRS:</b> Age 65.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60.</p>	<p><b>Normal Retirement Age VRS:</b> Normal Social Security retirement age.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age <u>Defined Benefit Component:</u> VRS:</b> Same as Plan 2.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility VRS:</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility VRS:</b> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

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**CITY OF VIRGINIA BEACH, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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<p><b>Earliest Reduced Retirement Eligibility VRS:</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b> 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility <u>Defined Benefit</u> Component: VRS:</b> Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution</u> Component:</b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement:</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b><u>Eligibility:</u></b> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement:</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit</u> Component:</b> Same as Plan 2.</p> <p><b><u>Defined Contribution</u> Component:</b> Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1 and Plan 2.</p>

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**CITY OF VIRGINIA BEACH, VIRGINIA**  
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<p><b><u>Exceptions to COLA Effective Dates:</u></b>  The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1.</p>	<p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1 and Plan 2.</p>
<p><b>Disability Coverage:</b>  Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage:</b>  Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage:</b>  Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VL governing body provides and employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>

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**CITY OF VIRGINIA BEACH, VIRGINIA  
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<p><b>Purchase of Prior Service:</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service:</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service <u>Defined Benefit Component:</u></b> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>
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The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplemental information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/pdf/publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500 Richmond, VA., 23218-2500.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**12. RETIREMENT** (continued)

**A. Virginia Retirement System** (continued)

*Employees Covered by Benefit Terms*

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b>Number</b>	
	<b>City</b>	<b>School Board Nonprofessional</b>
Inactive Members or Their Beneficiaries		
Currently Receiving Benefits	3,069	1,292
Inactive Members:		
Vested	763	269
Non-Vested	1,129	842
Active Elsewhere in VRS	785	414
Total Inactive Members	2,677	1,525
Active Members	5,941	2,088
Total	11,687	4,905

*Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The City contractually required contribution rate for the year ended June 30, 2015 was 16.35% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

The School Board's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation, Professional employees. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Professional Plan (Teacher Retirement Plan) was 18.20%. This rate too was based upon on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

In addition, for the Nonprofessional (non-teacher) employees, the School Board is contractually required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2015 was 9.11% of annual covered payroll. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**12. RETIREMENT** (continued)

**A. Virginia Retirement System** (continued)

These rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer's contributions to the pension plan from the City were \$48,891,401 and \$45,827,648 for the years ended June 30, 2015 and June 30, 2014, respectively. Contribution to the pension plan from the School Board for the Professional Plan (Teacher Retirement) was \$55,858,551 and \$43,992,831 for the years ended June 30, 2015 and June 30, 2014, respectively. For the Nonprofessional (non-teacher) employer's contributions were \$3,732,422 and \$3,646,317 for the years ended June 30, 2015 and June 30, 2014, respectively.

***Net Pension Liability***

The City's net pension liability was measured as of June 30, 2014 and totaled \$333,771,570. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

At June 30, 2015, the School Board reported a net pension liability of \$623,937,000 for its proportionate share of the Net Pension Liability of the Teacher Retirement Plan (Professional). The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The "School Board's proportion of the Net Pension Liability was based on the School's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the School Board's proportion was 5.16303% as compared to 5.28408% at June 30, 2013.

In addition, the School Board's Net Pension Liability for the Nonprofessional (non-teacher) Retirement Plan was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014. At June 30, 2015, the School Board's reported a liability of \$10,822,878 for the Nonprofessional (non-teacher) Retirement Plan.

***Actuarial Assumptions – City General Employees***

The total pension liability for General Employees in the City and School Board's Retirement Plans was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35%
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**12. RETIREMENT** (continued)

**A. Virginia Retirement System** (continued)

Mortality rates: 14 % of deaths are assumed to be service related.

Largest 10 – Non-LEOS: Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

All Others (Non 10 Largest) – Non-LEOS: Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10-Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

***Actuarial Assumptions – City Public Safety Employees***

The total pension liability for Public Safety employees in the City Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**12. RETIREMENT** (continued)

**A. Virginia Retirement System** (continued)

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 4.75 percent
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 60% of deaths are assumed to be service related.

Largest 10-LEOS: Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

All Others (Non 10 Largest) – LEOS: Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**12. RETIREMENT** (continued)

**A. Virginia Retirement System** (continued)

- Increase in rates of withdrawal
- Decrease in male and female rates of disability

*Actuarial Assumptions – School Board*

Professional/Teacher Retirement Plan

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.95
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 3 years.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**12. RETIREMENT** (continued)

**A. Virginia Retirement System** (continued)

Nonprofessional (non-teacher) Retirement Plan

The total pension liability for Nonprofessional Retirement Plan (non-teacher) was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35%
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

(continued)



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**12. RETIREMENT** (continued)

**A. Virginia Retirement System** (continued)

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
Inflation			2.50%
* Expected arithmetic nominal return			8.33%

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**12. RETIREMENT** (continued)

**A. Virginia Retirement System** (continued)

***Discount Rate***

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the City and School Board's Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

***Changes in Net Pension Liability***

	<b>City</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balances at June 30, 2013	\$ 1,676,863,639	\$ 1,239,531,415	\$ 437,332,224
Changes for the Year:			
Service Cost	35,838,242	-	35,838,242
Interest	114,650,965	-	114,650,965
Changes of Assumptions:			
Difference between expected and actual experience:			
Contribution - Employer	-	45,827,648	(45,827,648)
Contribution - Employee	-	14,813,559	(14,813,559)
Net Investment Income	-	194,451,721	(194,451,721)
Benefit payments, including refunds of Employee Contributions	(77,985,409)	(77,985,409)	-
Administrative Expense	-	(1,053,309)	1,053,309
Other Changes	-	10,242	(10,242)
Net Changes	72,503,798	176,064,452	(103,560,654)
Balances at June 30, 2014	\$ 1,749,367,437	\$ 1,415,595,867	\$ 333,771,570

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**12. RETIREMENT** (continued)

**A. Virginia Retirement System** (continued)

	<b>School Board Nonprofessional</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2013	\$ 191,185,052	\$ 166,226,515	\$ 24,958,537
Changes for the Year:			
Service Cost	4,171,321	-	4,171,321
Interest	13,051,394	-	13,051,394
Changes of Assumptions:			
Difference between expected and actual experience:			
Contribution - Employer	-	3,646,317	(3,646,317)
Contribution - Employee	-	2,000,972	(2,000,972)
Net Investment Income	-	25,850,848	(25,850,848)
Benefit payments, including refunds of Employee Contributions	(9,473,141)	(9,473,141)	-
Administrative Expense	-	(141,126)	141,126
Other Changes	-	1,363	(1,363)
Net Changes	7,749,574	21,885,233	(14,135,659)
Balances at June 30, 2014	\$ 198,934,626	\$ 188,111,748	\$ 10,822,878

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the City using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>City</b>		
	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Plan's Net Pension Liability	\$ 556,834,035	\$ 333,771,570	\$ 147,454,078

The following presents the net pension liability of the Nonprofessional (non-teacher) Retirement Plan using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>School Board Nonprofessional</b>		
	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Plan's Net Pension Liability	\$ 35,486,989	\$ 10,822,878	\$ (9,844,157)

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**12. RETIREMENT** (continued)

**A. Virginia Retirement System** (continued)

In addition, the following presents the School Board's proportionate share of the net pension liability for the Professional/Teacher Retirement Plan using the discount rate of 7.00%, as well as what the School Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>School Board Professional</b>		
	<b>1%</b>	<b>Current</b>	<b>1%</b>
	<b>Decrease</b>	<b>Discount</b>	<b>Increase</b>
	<b>(6.00%)</b>	<b>Rate (7.00%)</b>	<b>(8.00%)</b>
School Board's Proportionate Share of the Net Pension Liability for the VRS Teacher Retirement Plan	\$ 916,189,000	\$ 623,937,000	\$ 383,317,000

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2015, the City's recognized pension expense was \$28,929,455.

For the year ended June 30, 2015, the School Board recognized pension expense of \$46,338,000 of the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

In addition, for the year ended June 30, 2015, the School Board recognized pension expense of \$993,689 for the Nonprofessional (non-teacher) Retirement Plan.

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>City</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	86,662,461
Employer contributions subsequent to the Measurement Date	48,891,401	-
Total	<u>\$ 48,891,401</u>	<u>\$ 86,662,461</u>

\$48,891,401 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**12. RETIREMENT** (continued)

**A. Virginia Retirement System** (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>City</b>	
<b>Year Ended June 30:</b>	
2016	\$ (21,665,615)
2017	(21,665,615)
2018	(21,665,615)
2019	(21,665,616)
Thereafter	-

At June 30, 2015, for the Teacher Retirement Plan (Professional), the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>School Board Professional</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	\$92,598,000
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	-	13,660,000
Employer Contributions Subsequent to the Measurement Date	\$55,859,000	-
Total	<u>\$55,859,000</u>	<u>\$106,258,000</u>

\$55,859,000 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>School Board Professional</b>	
<b>Fiscal Year Ended June 30</b>	<b>Deferred Amounts</b>
2016	(\$26,166,000)
2017	(\$26,166,000)
2018	(\$26,166,000)
2019	(\$26,166,000)
2020	(\$1,594,000)
Total	<u>(\$106,258,000)</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**12. RETIREMENT** (continued)

**A. Virginia Retirement System** (continued)

In addition, at June 30, 2015, for the Nonprofessional (non-teacher) Retirement Plan, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>School Board Nonprofessional</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	\$11,483,000
Employer Contributions Subsequent to the Measurement Date	\$3,732,000	-
Total	<u>\$3,732,000</u>	<u>\$11,483,000</u>

\$3,732,000 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>School Board Nonprofessional</b>	
Fiscal Year Ended June 30	Deferred Amounts
2016	(\$2,871,000)
2017	(\$2,871,000)
2018	(\$2,871,000)
2019	(\$2,870,000)
Total	<u>(\$11,483,000)</u>

**B. Sheriff's Supplemental Retirement Plan**

**1. Description of the Plan**

The following brief description of the City of Virginia Beach Sheriff's Office Supplemental Retirement Plan (the "Plan") is provided for general information purposes only. Reference should be made to the Plan agreement for a more complete description of the Plan's provisions.

The Sheriff's Supplemental Plan is a defined contribution plan that was established by the City Council of Virginia Beach, Virginia ("City Council") in 1995 in accordance with Internal Revenue Code ("IRC") Section 401. The Plan sponsor and participating employer is the City of Virginia Beach Sheriff's Office ("Employer"). The Plan is available to all employees of the City of Virginia Beach Sheriff's Office, who have completed one year of service, as defined by the Plan. Effective on March 10, 2014, the City adopted an agreement to change the plan year to the 12- consecutive-month period ending on June 30th of each year.

The City Code of Virginia Beach, Virginia establishes a Deferred Compensation Board ("Board") to supervise, administer and implement the Plan. The Board has full power and authority to adopt rules and regulations for the administration of the Plan. The Board also contracts with providers to manage the investment of plan assets and is responsible for selecting the Plan investment options. Plan provisions and contribution requirements are established and may be amended by the City Council.

As of June 30, 2014, the number of participants was as follows:

Employed participants with ending balances	413
Terminated participants with ending balances	96
Participants with zero ending balances	5
	<u>514</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**12. RETIREMENT** (continued)

**B. Sheriff's Supplemental Retirement Plan** (continued)

**1. Description of the Plan** (continued)

Participants may not contribute to the Plan. The Employer may contribute discretionary amounts to be determined by the City of Virginia Beach Sheriff's Office annually. During the plan year end, the employer contribution totaled \$10,173, which is the amount of expenditures recognized. Current year forfeitures totaled \$71.00. Employer contributions to the Plan, and any earnings they generate, are vested as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
0 – 5 years	0%
5 years or more	100%

Participants may withdraw from their accounts during a qualifying distribution event. Qualifying distribution events are: retirement, permanent disability, termination from employment, attainment of age 59½, and death. Ordinary income tax will apply to each withdrawal. Withdrawals received prior to age 59½ may also be assessed a 10% early withdrawal federal tax penalty.

*Participant Accounts* – Each participant's account is credited with an allocation of the City's discretionary contributions as well as Plan earnings. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant compensation, account balances, or specific participant transactions as defined. The benefit to which the participant is entitled is the benefit that can be provided from the participant's vested account.

*Payment of Benefits* – On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments not to exceed the lifetime of the payee. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

**2. Summary of Significant Accounting Policies**

*Basis of Accounting* – The Plan's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America using the financial reporting framework established by the Governmental Accounting Standards Board ("GASB").

*Use of Estimates* – The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Investments and Investment Income* – Investments in mutual funds are stated at fair value. Investments in guaranteed investment contracts that are determined to be fully benefit responsive are stated at contract value. Investment income is recognized as revenue when earned. The net appreciation (depreciation) in fair value of investments is recorded as an increase (decrease) to investment income based on the valuation of investments.

*Fair Value* – Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for an investment, the fair value to be used is the total of the number of trading units of the instrument times the market price per unit.

The fair value of mutual funds traded on a national securities exchange is determined by using the last reported sales price on the last business day of the Plan year; listed securities for which no sale was reported on that date are valued at the mean between the last reported bid and asked prices.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**12. RETIREMENT** (continued)

**B. Sheriff's Supplemental Retirement Plan** (continued)

**2. Summary of Significant Accounting Policies** (continued)

*Contract Value* – Contract value is the value of an unallocated contract that is determined by the insurance entity in accordance with the terms of the contract.

*Contributions* – Contributions are recognized in the period when due in accordance with the terms of the Plan.

*Benefit Payments* – Benefit payments are recorded when paid.

*Administrative Expenses* – Administrative expenses are recorded when incurred. Certain administrative functions are performed by the City and are not reflected in these statements.

**3. Investments**

The Board has adopted an investment policy that sets forth the goals and objectives of the investment options available to the Plan. The Board chooses which investment options will be available under the Plan and monitors the investment options' compliance to the investment policy. The Plan's authorized investments consist of funds in nine major asset classes defined by either investment objective or risk category.

The Plan had the following investments as of June 30, 2014:

**INVESTMENTS**

MAXIM Aggressive Profile	\$ 232,275
MAXIM Moderately Aggressive Profile	174,797
MAXIM Moderate Profile	261,862
MAXIM Moderately Conservative Profile	80,398
MAXIM Conservative Profile	107,049
Templeton World Fund	124,347
William Blair International Growth	39,578
Baron Small Cap Fund	193,021
Eagle Small Cap Growth R5	8,989
Heartland Value Fund	113,006
Morgan Stanley Inst. Mid Cap Growth I	14,285
Perkins Mid Cap Value A	31,507
Vanguard Mid Cap Index Fund	21,938
American Century Equity Growth Fund	61,516
American Funds Growth Fund R4	119,533
Janus Forty Class S	1,799
MFS Massachusetts Investors Growth Fund	60,894
Franklin Templeton Mutual Shares Fund	204,784
Vanguard Institutional Index Fund	376,422
Pimco Total Return Fund - Admin	41,090
Vanguard Total Bond Market Index Inv.	47,608
	<hr/>
	\$ 2,316,698
Guaranteed investment contract, at contract value:	\$ 1,543,133
	<hr/>
Virginia Beach Fixed Income Fund	<hr/>
	\$ 3,859,831
	<hr/>

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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**12. RETIREMENT** (continued)

**B. Sheriff's Supplemental Retirement Plan** (continued)

**3. Investments** (continued)

**Custodial Credit Risk** – This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of the investment of collateral securities that are in the possession of an outside party. The Plan limits its exposure to custodial credit risk by maintaining its investments in custodial accounts. Wells Fargo Bank, N.A. serves as custodian to the Plan. Securities that exist in book entry form are held in trust by the custodian in the name of the Plan.

**Guaranteed Investment Contract** – As part of the investment objectives of the investment policy, the Board has established the Virginia Beach Fixed Income Fund ("Stable Value Fund"). The objective of the Stable Value Fund is to provide principal preservation, benefit responsiveness, liquidity, and current income at levels that typically are higher than those provided by money market funds over an interest rate cycle. The investments of the Stable Value Fund are expected to produce relatively stable annual returns on fund assets with little to no fluctuation in account values. A security-backed contract has similar characteristics as a traditional investment contract and is comprised of two parts: the first part is a fixed-income security or portfolio of fixed-income securities; the second part is a contract value guarantee (wrapper) provided by a third-party. Wrappers provide contract value payments for certain participant-initiated withdrawals and transfers, a floor crediting rate, and return of fully accrued contract value at maturity.

The Stable Value Fund is a guaranteed investment contract with Empower/Great West Life & Annuity Insurance Company ("Empower/Great West Life"). Elective contributions are invested in the Stable Value Fund at the option of the Plan's participants. Empower/Great West Life maintains the assets of the Stable Value Fund in a separate account.

Participant accounts are credited with contributions and earnings on the under-lying investments and charged for participant withdrawals and administrative expenses charged by the issuer. Empower/Great West Life is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. As of and for the year end, the crediting interest rate on the guaranteed investment contract was 1.85%.

At June 30th, the fair value of the contract was as follows:

Components:	2014
Underlying investments	\$ 1,543,133
Wrap contract	21,676
Total	<u>\$ 1,564,809</u>

The Board has established the following guidelines for the investment of assets and management of certain risks related to the Stable Value Fund:

**Authorized Investments** – Subject to quality and diversification guidelines, Empower/Great West Life invests the assets of the Stable Value Fund in any or all of the following: United States Treasury Securities including Treasury Bills, Notes, Bonds or Strips; United States Agency Securities; Mortgaged-backed securities issued by Government National Mortgage Association ("GNMA"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), Federal Home Loan Bank ("FHLB"), VA Vendee, or other United States Agency or GSE's; Collateralized mortgage obligations secured by GNMA, FNMA, FHLMC, FHLB, or VA Vendee securities; instruments of commercial banks, U.S. money market funds, or repurchase agreements fully collateralized by United States Government, Agency, or GSE securities; Commercial paper; Corporate and non-corporate credit bonds rated A-/A3 or better as rated by S&P, Moody's or Fitch at time of purchase; and Non-agency securities.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**12. RETIREMENT** (continued)

**B. Sheriff's Supplemental Retirement Plan** (continued)

**3. Investments** (continued)

*Credit Risk* – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Plan manages its credit risk of the Stable Value Fund by monitoring the credit quality of the guaranteed investment contract's issuer.

*Concentration of Credit Risk* – This is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Board manages the Stable Value Fund's exposure to concentrations of credit risk by ensuring the fund invests in a diversified portfolio of high credit quality securities.

*Interest Rate Risk* – This is the risk that changes in interest rates will adversely affect the fair value of investments. The Board's investment policy for the Stable Value Fund states that the average duration of the portfolio will not exceed 4 years.

**4. Concentrations**

The following table presents the Plan's investments (other than those explicitly guaranteed or issued by the U.S. government or those invested in mutual funds, external investment pools or other pooled investments) that represent

5% or more of the Plan's net assets as of June 30, 2014:

	<b>2014</b>
Virginia Beach Fixed Income Fund	<u>\$ 1,543,133</u>

**5. Revenue Sharing Fee Agreement**

The Plan sponsor has contracted with Empower/Great West Retirement Services ("Empower/Great West") under an agreement (the "Agreement") to provide certain administrative services. The Agreement calls for the Plan to pay Empower/Great West a quarterly recordkeeping and communication fee of 0.0625% (i.e. 0.25% per annum) of the average Plan assets in exchange for certain defined services.

The Agreement specifies that the recordkeeping and communication fee is to be paid from certain revenues Great-West and its affiliates receive from mutual fund families and other investment options offered by the Plan. Included in the revenues to offset the recordkeeping and communication fee is an explicit 0.10% per annual charge (0.025% per quarter) on participants investing in Vanguard investment options and an annual fee of 0.20% on the average asset balance of Stable Value Fund.

In the event that the revenues received total more than the quarterly recordkeeping and communication fee, Great-West agrees to place any excess amounts into separate Plan unallocated trust accounts (general account) to be solely used for Plan purposes. In the event that the revenues received total less than the quarterly recordkeeping and communication fee, Empower/Great West will carry forward the deficit amount to the following quarters and will allow the deficit to be offset by any future surpluses. Surpluses remaining after the deficit is recovered will be paid to the Plan as stated above. Depending on the certain provisions stated in the Agreement, the Plan sponsor may or may not be responsible to pay the deficit, if any, at the end of the contract term.

In 2014, per the Service Agreement, Empower/Great West was contractually due revenue sharing fees in the amount of \$617,068; however, the actual amount received was \$632,925, representing an excess of \$15,857, across the City, Sheriff & Schools' plans, of which a net amount of \$245 was allocated to the Sheriff's plan based on the percentage of assets in each of the plans.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**12. RETIREMENT** (continued)

**B. Sheriff's Supplemental Retirement Plan** (continued)

**5. Revenue Sharing Fee Agreement** (continued)

In addition to the quarterly reconciliation of the fees received, there is also an annual reconciliation conducted capping the per-head cost at \$80, with an amount in excess of \$80 remitted back to the Plans' General Accounts. In the 2014 annual reconciliation, there was no excess.

For the year ended June 30, 2014, activity in the general account was as follows:

	<b>2014</b>
Balance, beginning of the year:	\$ 3,588
Dividends and interest	86
Revenue sharing and restitution receipts	2,187
Plan level administrative expenses	(701)
Other	(13)
Total	<u>\$ 5,147</u>

**6. Plan Termination**

Although it has not expressed any intent to do so, the City has the right to terminate the Plan at any time. Upon Plan termination, all amounts deferred will be distributed to participants or beneficiaries as soon as administratively practicable after the termination date.

A stand-alone financial report can be obtained by contacting Sheriff Ken Stolle, City of Virginia Beach Sheriff's Office, 2501 James Madison Avenue, Virginia Beach, VA 23456.

**13. OTHER POSTEMPLOYMENT BENEFITS**

*Plan Description.* The City and School Board Other Postemployment Benefit Plans are each a single-employer, defined benefit plan, administered by the City and School Board in accordance with State and City statutes. Section 15.2-1500 of the Virginia State Code provides that every locality shall provide for the governmental functions of the locality, including employment of the officers and other employees. In connection with this employment, the City has established certain plans to provide post-employment benefits other than pensions as defined in Section 15.2-1545 of the Virginia Code to retirees and their spouses and eligible dependents. Employees who retire with at least 25 years of service with the City and School Board as well those who retire on a work-related disability compensable under the Workers' Compensation Act before age 65 are eligible for access to health insurance coverage. This benefit is payable until the retiree becomes eligible for Medicare.

Separate financial statements can be obtained from VML/VACO Finance, 1108 East Main Street, Suite 801, Richmond, VA 23219.

In accordance with Article 8, Chapter 15, Subtitled II of Title 15.2 of the Virginia Code, the City and School Board have elected to establish a trust for the purpose of accumulating and investing assets to fund Other Postemployment Benefits. The City and School Board in accordance with this election have joined the Virginia Pooled OPEB Trust Fund which invests funds contributed by each participating employer. It does not administer the retiree health benefits of each participating employer. Deposits to this trust are irrevocable and are held solely for the payment of OPEB benefits for the City and School Board.

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**13. OTHER POSTEMPLOYMENT BENEFITS** (continued)

*Funding Policy.* Contribution requirements of the City, School Board and plan members are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay as you go financing requirements with an additional amount to prefund benefits. For the period ending June 30, 2015 the City and School Board contributed, \$7,259,200 and \$5,832,200 respectively. Plan members from each organization contributed \$105.80 per month for retiree-only point of service coverage. City and School Board retirees with coverage for their spouses will contribute \$365.58 per month to age 65. Retirees who participate in the Wellness for Life program will receive reduced retiree rates. Employees who retire with at least 25 years of service with the City and School Board as well as those who retire on a work-related disability compensable under the Workers' Compensation Act before age 65 are eligible for access to health insurance coverage. This benefit is payable until the retiree becomes eligible for Medicare. The City and School Board has determined that all current employees and retirees shall contribute to the cost of their health care coverage and no level of benefit shall be provided free of charge. The retiree contribution rate shall be based on the experience of the plan, the City's and School Board's annual contribution amount and the remaining premium cost.

*Annual OPEB Cost.* For 2015, the City and School Board's annual OPEB cost of \$7,259,200 and \$5,832,200, respectively, was equal to its required contribution. The City placed in its OPEB Trust a total of \$574,700. The balance of the City's annual OPEB cost was paid during the year for health insurance subsidies for current retirees. The School Board's OPEB cost for 2015 totaled \$6,404,200 and exceeded its annual required contribution of \$5,832,200 by \$572,000. This overage was withdrawn from the School Boards Trust Account and returned to the School Board. The City and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014 and 2013 are presented below:

**City**

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2015	\$ 7,259,200	100%	\$ -
6/30/2014	\$ 7,101,900	100%	\$ -
6/30/2013	\$ 8,871,000	100%	\$ -

**School Board**

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2015	\$ 5,832,200	100%	\$ -
6/30/2014	\$ 5,700,900	100%	\$ -
6/30/2013	\$ 7,858,100	100%	\$ -

*Funded Status and Funding Progress.* The funded status of the plan as of January 1, 2015, was as follows:

	<b><u>City</u></b>	<b><u>School Board</u></b>
Actuarial accrued liability (AAL)	\$ 83,582,300	\$ 65,951,300
Actuarial value of plan assets	29,363,100	23,164,800
Unfunded actuarial accrued liability (UAAL)	<u>\$ 54,219,200</u>	<u>\$ 42,786,500</u>
Funded ratio (actuarial value of plan assets/AAL)	35.13%	35.12%
Covered payroll (active plan members)	\$ 290,297,000	\$ 421,065,100
UAAL as a percentage of covered payroll	18.68%	10.16%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**13. OTHER POSTEMPLOYMENT BENEFITS** (continued)

following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014, actuarial valuation, for the years ending June 30, 2014 and 2015 the projected unit credit method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend assumption of 5.9% initially, graded to 4.5% over 83 years with no projected salary increase assumed. An inflation rate assumption of 2.5% was incorporated in the actuarial valuation. Employer and retiree contributions are assumed to increase at the same rate as the medical cost trend assumptions. There were no additional postretirement benefit increases assumed. Unfunded actuarial accrued liabilities for each organization are being amortized as a level dollar amount over an open 30-year period. The remaining amortization period is 30 years.

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**REQUIRED  
SUPPLEMENTAL  
INFORMATION  
(Unaudited)**





**VIRGINIA RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)**

In accordance with the Governmental Accounting Standards Board, the following information is a required part of the basic financial statements.

**CITY OF VIRGINIA BEACH, VA**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND**  
**RELATED RATIOS - UNAUDITED**

	<b>2014</b>	
<b>Total Pension Liability</b>	<b>City</b>	<b>School Board</b>
Service cost	\$ 35,838,242	\$ 4,171,321
Interest	114,650,965	13,051,394
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Benefit Payments, including refunds of employee contributions	(77,985,409)	(9,473,141)
<b>Net change in total pension liability</b>	<b>72,503,798</b>	<b>7,749,574</b>
<b>Total pension liability - beginning</b>	<b>1,676,863,639</b>	<b>191,185,052</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 1,749,367,437</b>	<b>\$ 198,934,626</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 45,827,648	\$ 3,646,317
Contributions - employee	14,813,559	2,000,972
Net investment income	194,451,721	25,850,848
Benefit Payments, including refunds of employee contributions	(77,985,409)	(9,473,141)
Administrative expense	(1,053,309)	(141,126)
Other	10,242	1,363
<b>Net change in plan fiduciary net position</b>	<b>176,064,452</b>	<b>21,885,233</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,239,531,415</b>	<b>166,226,515</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 1,415,595,867</b>	<b>\$ 188,111,748</b>
<b>Political subdivision's net pension liability - ending (a) - (b)</b>	<b>\$ 333,771,570</b>	<b>\$ 10,822,878</b>
<b>Plan fiduciary net position as a percentage of the total Pension liability</b>	<b>80.9%</b>	<b>94.6%</b>
<b>Covered-employee payroll</b>	<b>\$ 315,341,888</b>	<b>\$ 40,427,033</b>
<b>City and School Board's net pension liability as a percentage of covered-employee payroll</b>	<b>106.0%</b>	<b>26.8%</b>

*\*Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.*

**CITY OF VIRGINIA BEACH, VA**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - UNAUDITED**

<b>Date</b>	<b>Contractually Required Contribution (1)</b>	<b>Contributions in Relation to Contractually Required Contributions (2)</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employer's Covered Employee Payroll (4)</b>	<b>Contributions as a % of Covered Employee Payroll (5)</b>
<b>City</b>					
2014	\$ 45,827,648	\$ 45,827,648	\$ -	\$ 315,341,888	14.53
2015	\$ 48,891,401	\$ 48,891,401	\$ -	\$ 322,555,290	15.16
<b>School Board Nonprofessional</b>					
2014	\$ 3,646,317	\$ 3,646,317	\$ -	\$ 40,427,033	9.02
2015	\$ 3,732,422	\$ 3,732,422	\$ -	\$ 40,970,605	9.11

*Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.*

<b>School Board Professional (Teacher)</b>					
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	
<b>Employer's Proportion of the Net Pension Liability</b>	<b>Employer's Proportionate Share of the Net Pension Liability</b>	<b>Employer's Covered Employee Payroll</b>	<b>Employer's Proportionate Share of the NPL as a % of its Employee Payroll (b)/(c)</b>	<b>Plan Fiduciary Net Position as a % of the Total Pension Liability</b>	
<b>Date</b>					
June 30, 2015	5.16303%	\$ 623,937,000	\$ 377,297,007	165.37%	70.88%

*Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.*  
*The amounts presented have a measurement date of the previous fiscal year-end.*

## **Notes to Required Supplemental Information**

### **For the Year Ended June 30, 2015**

**Changes of benefit terms** – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012 (effective in FY 2014 for School Board Professional (Teachers). The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal. For the School Board Professional plan this was a new benefit and the number of participants was small, the impact too on the liabilities as of the measurement date of June 30, 2014 are minimal.

**Changes of assumptions** – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four- year period ending June 30, 2012:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal

**CITY OF VIRGINIA BEACH**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULES OF FUNDING PROGRESS**  
**Other Postemployment Benefits – UNAUDITED**

City						
	(a)	(b)	(b-a)	(a/b)	(c)	
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2010	\$ 9,558,773	\$ 79,295,953	\$ 69,737,180	12.05%	\$ 285,407,357	24.40%
January 1, 2012	\$ 20,982,000	\$ 93,542,000	\$ 72,560,000	22.43%	\$ 283,026,400	25.64%
January 1, 2014	\$ 29,363,100	\$ 83,582,300	\$ 54,219,200	35.13%	\$ 290,297,000	18.68%

School Board						
	(a)	(b)	(b-a)	(a/b)	(c)	
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2010	\$ 8,648,413	\$ 75,347,493	\$ 66,699,080	11.50%	\$ 432,476,829	15.40%
January 1, 2012	\$ 17,306,300	\$ 77,083,800	\$ 59,777,500	22.45%	\$ 409,662,700	14.59%
January 1, 2014	\$ 23,164,800	\$ 65,951,300	\$ 42,786,500	35.12%	\$ 421,065,100	10.16%

**Schedules of Employer Contributions**

City		
<u>Year Ended Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2013	\$ 8,871,000	100%
June 30, 2014	\$ 7,101,900	100%
June 30, 2015	\$ 7,259,200	100%

School Board		
<u>Year Ended Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2013	\$ 7,858,100	100%
June 30, 2014	\$ 5,700,900	100%
June 30, 2015	\$ 5,832,200	100%

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# **OTHER SUPPLEMENTAL INFORMATION**





**NONMAJOR  
GOVERNMENTAL FUNDS**



## **NONMAJOR GOVERNMENTAL FUNDS**

**Debt Service Fund** - is used to account for the financial resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Special Revenue Funds** - are used to account for the proceeds of specific revenue sources (other than capital projects) which are legally restricted to be expended for specific purposes.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 41,581,086	\$ 3,009	\$ 41,584,095
Cash and Investments - Restricted	15,496,906	-	15,496,906
Agriculture Reserve Program Treasury Strips - Restricted	-	29,022,366	29,022,366
Receivables (net of allowance for uncollectables, where applicable):			
Accounts	584,346	-	584,346
Loans	6,453,867	-	6,453,867
Due from:			
Other Governments	5,997	-	5,997
Commonwealth	1,375,087	-	1,375,087
Federal Government	607,308	-	607,308
Total Assets	<u>\$ 66,104,597</u>	<u>\$ 29,025,375</u>	<u>\$ 95,129,972</u>
<b><u>LIABILITIES</u></b>			
Vouchers and Accounts Payable	\$ 4,160,771	\$ -	\$ 4,160,771
Due to Other Funds	250,592	-	250,592
Due to Commonwealth	-	-	-
Unearned Revenue	150,533	-	150,533
Total Liabilities	<u>\$ 4,561,896</u>	<u>\$ -</u>	<u>\$ 4,561,896</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable Revenue - Housing Loans	<u>\$ 493,950</u>	<u>\$ -</u>	<u>\$ 493,950</u>
<b><u>FUND BALANCES</u></b>			
Nonspendable	\$ 6,453,867	\$ -	\$ 6,453,867
Restricted for:			
Special Revenue Funds	7,852,953	-	7,852,953
Debt Service	-	29,025,375	29,025,375
Committed to:			
Special Revenue Funds	38,086,617	-	38,086,617
Assigned to:			
Special Revenue Funds	9,047,083	-	9,047,083
Unassigned	(391,769)	-	(391,769)
Total Fund Balances	<u>\$ 61,048,751</u>	<u>\$ 29,025,375</u>	<u>\$ 90,074,126</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 66,104,597</u>	<u>\$ 29,025,375</u>	<u>\$ 95,129,972</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b><u>REVENUES</u></b>			
General Property Taxes - Real Estate	\$ 38,066,405	\$ -	\$ 38,066,405
Other Local Taxes	51,123,589	-	51,123,589
From Use of Money and Property	2,109,994	1,836,012	3,946,006
Charges for Services	18,014,648	-	18,014,648
Miscellaneous	3,529,676	-	3,529,676
Fines and Forfeitures	465,246	-	465,246
From Commonwealth	21,526,697	-	21,526,697
From Federal Government	30,428,123	467,666	30,895,789
Total Revenues	<u>\$ 165,264,378</u>	<u>\$ 2,303,678</u>	<u>\$ 167,568,056</u>
<b><u>EXPENDITURES</u></b>			
Judicial	\$ 41,634,658	\$ -	\$ 41,634,658
Library	280,421	-	280,421
Police	674,040	-	674,040
Fire	2,174,346	-	2,174,346
Public Works	15,000	-	15,000
Planning	1,150	-	1,150
Parks and Recreation	33,373,564	-	33,373,564
Agriculture	2,742,487	-	2,742,487
Convention and Visitor Development	42,220,199	-	42,220,199
Housing and Neighborhood Prevention	24,709,639	-	24,709,639
Human Services	8,525,395	-	8,525,395
Development Authority	400,429	-	400,429
General Government	11,482,238	-	11,482,238
Emergency Medical Services	563,712	-	563,712
Debt Service:			
Principal Retirement	-	30,689,947	30,689,947
Interest and Fiscal Charges	-	15,245,683	15,245,683
Total Expenditures	<u>\$ 168,797,278</u>	<u>\$ 45,935,630</u>	<u>\$ 214,732,908</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ (3,532,900)</u>	<u>\$ (43,631,952)</u>	<u>\$ (47,164,852)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers In	\$ 27,915,019	\$ 45,051,469	\$ 72,966,488
Transfers Out	(27,202,249)	-	(27,202,249)
Proceeds of Refunding Bonds	-	81,978,607	81,978,607
Premium on Bonds Sold	-	18,579,224	18,579,224
Payment to Refunding Bonds Escrow Agent	-	(99,959,176)	(99,959,176)
Agriculture Reserve Agreement	344,842	-	344,842
Total Other Financing Sources and (Uses)	<u>\$ 1,057,612</u>	<u>\$ 45,650,124</u>	<u>\$ 46,707,736</u>
Net Change in Fund Balance	(2,475,288)	2,018,172	(457,116)
Fund Balance at Beginning of Year - Restated	63,524,039	27,007,203	90,531,242
Fund Balance at End of Year	<u><u>\$ 61,048,751</u></u>	<u><u>\$ 29,025,375</u></u>	<u><u>\$ 90,074,126</u></u>

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# **GENERAL FUND**





## **GENERAL FUND**

The General Fund is the general operating fund of the City which is used to account for all of the financial resources, except those required to be accounted for in another fund.

**CITY OF VIRGINIA BEACH, VIRGINIA  
GENERAL FUND  
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET  
FOR THE YEAR ENDED JUNE 30, 2015**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>General Property Taxes</u></b>				
Real Estate	\$ 440,594,476	\$ 440,514,476	\$ 441,358,577	\$ 844,101
Personal Property	81,515,610	81,515,610	88,437,544	6,921,934
Interest and Penalties on Personal Property	2,233,498	2,233,498	2,461,091	227,593
Interest and Penalties on Real Estate Taxes	2,628,135	2,628,135	2,349,210	(278,925)
Total General Property Taxes	<u>\$ 526,971,719</u>	<u>\$ 526,891,719</u>	<u>\$ 534,606,422</u>	<u>\$ 7,714,703</u>
<b><u>Other Local Taxes</u></b>				
General Sales	\$ 60,016,191	\$ 60,016,191	\$ 58,164,569	\$ (1,851,622)
Utility	44,895,159	44,895,159	43,308,157	(1,587,002)
Business Licenses	47,600,886	47,600,886	44,586,110	(3,014,776)
Franchise Taxes - Cox Communications	7,400,000	7,400,000	7,939,584	539,584
Automobile Licenses	9,627,331	9,627,331	9,225,176	(402,155)
Bank Stock	2,378,252	2,378,252	2,739,645	361,393
City Tax on Deeds	7,759,009	7,759,009	6,970,299	(788,710)
City Tax on Wills	80,000	80,000	74,659	(5,341)
Cigarette	12,148,649	12,148,649	12,728,380	579,731
Hotel Taxes	6,017,443	6,017,443	6,207,048	189,605
Restaurant Meals	38,003,613	38,003,613	38,205,558	201,945
Total Other Local Taxes	<u>\$ 235,926,533</u>	<u>\$ 235,926,533</u>	<u>\$ 230,149,185</u>	<u>\$ (5,777,348)</u>
<b><u>Permits, Privilege Fees, and Regulatory Licenses</u></b>				
Police Permits and Licenses	\$ 527,950	\$ 527,950	\$ 553,747	\$ 25,797
Planning Permits and Licenses	3,745,684	3,745,684	4,095,185	349,501
Other Permits, Fees, and Licenses	438,249	438,249	330,893	(107,356)
Public Works Fees	-	-	5,500	5,500
Fire Permits	180,045	180,045	152,755	(27,290)
Total Permits, Privilege Fees, and Regulatory Licenses	<u>\$ 4,891,928</u>	<u>\$ 4,891,928</u>	<u>\$ 5,138,080</u>	<u>\$ 246,152</u>
<b><u>Fines and Forfeitures</u></b>				
Court Fines and Forfeitures	\$ 3,463,305	\$ 3,463,305	\$ 3,226,995	\$ (236,310)
Fire Lane Violations	1,200,000	1,200,000	1,353,773	153,773
Overweight Vehicles Fees	111,000	111,000	202,622	91,622
DUI Response Reimbursements	30,000	30,000	27,837	(2,163)
Red Light Violations	1,896,000	1,896,000	2,073,970	177,970
Other Fines	5,900	5,900	8,642	2,742
Total Fines and Forfeitures	<u>\$ 6,706,205</u>	<u>\$ 6,706,205</u>	<u>\$ 6,893,839</u>	<u>\$ 187,634</u>
<b><u>From Use of Money and Property</u></b>				
<b><u>Revenue from Use of Money:</u></b>				
Interest on Bank Deposits	\$ 853,367	\$ 853,367	\$ 827,696	\$ (25,671)
<b><u>Revenue from Use of Property:</u></b>				
Farmers Market Fees	160,228	160,228	29,199	(131,029)
Photocopying Machines	89,133	89,133	101,548	12,415
Convention Center Rent	1,720,000	1,720,000	1,791,822	71,822
Convention Center Concessions	1,000,000	1,000,000	1,113,974	113,974
Rent - Amphitheatre	102,770	102,770	180,373	77,603
Lease of Land and Property	1,409,781	1,424,781	1,460,620	35,839
Tower/Antenna Leases	200,000	200,000	153,278	(46,722)
Total from Use of Money and Property	<u>\$ 5,535,279</u>	<u>\$ 5,550,279</u>	<u>\$ 5,658,510</u>	<u>\$ 108,231</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>Charges For Services</u></b>				
Police - False Alarm Fees	\$ 279,603	\$ 279,603	\$ 448,258	\$ 168,655
Fire Services	326,425	326,425	251,575	(74,850)
Animal Adoption Fees	44,600	44,600	38,776	(5,824)
Other Charges and Fees	2,381,026	2,422,032	2,315,542	(106,490)
Human Services	28,644,254	28,692,984	26,379,573	(2,313,411)
Aquarium and Historical Houses	8,371,150	8,371,150	8,316,796	(54,354)
Library Fees	439,652	439,652	489,770	50,118
Planning Maps, Publications, and Fees	531,906	531,906	589,474	57,568
Convention Center	904,500	904,500	1,031,338	126,838
Other Services Provided	1,506,395	1,506,395	1,442,160	(64,235)
Reimbursement - Freedom of Information Act Costs	-	-	4,521	4,521
Water and Sewer Direct Charges	6,235,685	6,268,302	5,858,038	(410,264)
Waste Management Direct Charges	2,081,243	2,081,243	2,081,243	-
Storm Water Direct Charges	1,259,821	1,267,305	1,267,305	-
Water and Sewer Right of Way Utility	4,000,000	4,000,000	4,000,000	-
Chesapeake Bay Preservation Act Variance Fees	49,300	49,300	36,569	(12,731)
Total Charges for Services	<u>\$ 57,055,560</u>	<u>\$ 57,185,397</u>	<u>\$ 54,550,938</u>	<u>\$ (2,634,459)</u>
<b><u>Miscellaneous Revenue</u></b>				
Indirect and Direct Cost - TGIF	\$ 90,000	\$ 90,000	\$ 90,000	\$ -
Miscellaneous	760,904	760,904	826,625	65,721
Returned Check Processing Charges	62,806	62,806	64,467	1,661
Campaign Financing	-	-	100	100
Donations	750	9,895	68,480	58,585
City Treasurer Charges	750,000	750,000	1,243,793	493,793
Contemporary Arts	65,000	65,000	56,325	(8,675)
Aquarium Foundation	1,315,878	1,330,325	1,069,731	(260,594)
Miscellaneous Receipts Convention Center	19,000	19,000	24,093	5,093
Sale of Properties	850	850	665	(185)
Sale of Salvage Materials	385,000	385,000	478,448	93,448
Refund of Surplus - Health Department	85,000	85,000	154,350	69,350
Miscellaneous Receipts Human Services	82,785	82,785	303,729	220,944
Sale - Recyclable Materials	-	-	1,001	1,001
Beam Advertising	20,867	20,867	10,958	(9,909)
Miscellaneous Receipts Libraries	15,000	15,000	6,972	(8,028)
DVP Street Light Reimbursement	510,000	510,000	406,857	(103,143)
Reimbursement - Responsible Parties - HAZMAT	-	-	9,096	9,096
Reimbursement - DMV	552,965	552,965	75,107	(477,858)
Total Miscellaneous Revenue	<u>\$ 4,716,805</u>	<u>\$ 4,740,397</u>	<u>\$ 4,890,797</u>	<u>\$ 150,400</u>
<b><u>From Commonwealth</u></b>				
Rolling Stock Tax	\$ 17,422	\$ 17,422	\$ 7,242	\$ (10,180)
Mobile Homes Sales Tax	34,311	34,311	52,514	18,203
Passenger Car Rental Tax	1,155,110	1,155,110	1,133,063	(22,047)
Reimbursement - Treasurer	629,323	629,323	633,509	4,186
Reimbursement - Commissioner of the Revenue	664,783	664,783	614,467	(50,316)
Reimbursement - General Registrar's Salary	76,648	76,648	75,953	(695)
Reimbursement - Clerk of Circuit Court	1,891,459	1,891,459	2,132,110	240,651
Reimbursement - Commonwealth's Attorney	2,611,603	2,611,603	2,377,810	(233,793)
Reimbursement - Health Department Automobile	136,058	136,058	19,885	(116,173)

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>From Commonwealth (continued)</u></b>				
Reimbursement - State Aid Law Enforcement	\$ 10,936,280	\$ 10,936,280	\$ 10,499,048	\$ (437,232)
Personal Property Paid by Commonwealth	53,412,868	53,412,868	53,412,868	-
State Prisoner Transportation	383,000	383,000	270,128	(112,872)
Mental Health, Mental Retardation and Substance Abuse	10,771,271	11,621,271	12,323,214	701,943
Juvenile Justice Block Grant	2,773,738	2,773,738	2,612,501	(161,237)
Circuit Court Clerk Technology	-	231,533	228,264	(3,269)
Maintenance of Roads	44,239,000	44,926,074	44,923,359	(2,715)
Recordation Fees	2,013,700	2,013,700	501,774	(1,511,926)
Public Assistance Grants	14,753,766	14,753,766	13,570,161	(1,183,605)
Medicaid	282,702	282,702	327,630	44,928
DMV Select Program	165,000	165,000	120,649	(44,351)
Virginia Commission For The Arts	5,000	5,000	5,000	-
Wireless E-911 Services Board	1,716,354	1,716,354	1,727,122	10,768
Spay and Neuter Services	-	-	5,473	5,473
Universal Service Funds	73,847	73,847	26,119	(47,728)
State Aid Library	210,800	210,800	216,404	5,604
Total From Commonwealth	<u>\$ 148,954,043</u>	<u>\$ 150,722,650</u>	<u>\$ 147,816,267</u>	<u>\$ (2,906,383)</u>
<b><u>From Federal Government</u></b>				
Public Law 95-469 - Refuge Revenue Sharing Act	\$ -	\$ -	\$ 83,491	\$ 83,491
Indirect Costs - Social Services	633,728	633,728	746,475	112,747
Federal Emergency Management Agency	192,851	192,851	92,586	(100,265)
SEVAMP Grant	63,600	63,600	136,665	73,065
Mental Health, Mental Retardation and Substance Abuse	2,727,409	2,727,409	2,704,310	(23,099)
USDA Juvenile Detention	93,470	93,470	86,707	(6,763)
Public Assistance Grants	15,150,518	15,150,518	15,304,106	153,588
Federal Reimbursement of Interest	282,763	282,763	282,610	(153)
Total From Federal Government	<u>\$ 19,144,339</u>	<u>\$ 19,144,339</u>	<u>\$ 19,436,950</u>	<u>\$ 292,611</u>
<b><u>Other Local Governments</u></b>				
City of Chesapeake	\$ 98,153	\$ 98,153	\$ 49,077	\$ (49,076)
<b>TOTAL REVENUES</b>	<u>\$ 1,010,000,564</u>	<u>\$ 1,011,857,600</u>	<u>\$ 1,009,190,065</u>	<u>\$ (2,667,535)</u>
<b><u>Other Financing Sources</u></b>				
Transfers In	\$ 472,826	\$ 7,480,088	\$ 7,480,088	\$ -
Proceeds From Capital Leases	-	-	374,793	374,793
Total Other Financing Sources	<u>\$ 472,826</u>	<u>\$ 7,480,088</u>	<u>\$ 7,854,881</u>	<u>\$ 374,793</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 1,010,473,390</u>	<u>\$ 1,019,337,688</u>	<u>\$ 1,017,044,946</u>	<u>\$ (2,292,742)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>Legislative Department</u></b>				
Municipal Council	\$ 530,887	\$ 550,906	\$ 542,223	\$ 8,683
City Clerk	582,372	670,213	666,481	3,732
Total Legislative Department	<u>\$ 1,113,259</u>	<u>\$ 1,221,119</u>	<u>\$ 1,208,704</u>	<u>\$ 12,415</u>
<b><u>Executive Department</u></b>				
City Manager	\$ 1,961,297	\$ 1,984,471	\$ 1,861,365	\$ 123,106
Organizational Development Office	290,149	292,717	261,131	31,586
Media and Communication Group	366,585	368,511	295,318	73,193
Volunteer Council	207,173	221,952	197,217	24,735
Total Executive Department	<u>\$ 2,825,204</u>	<u>\$ 2,867,651</u>	<u>\$ 2,615,031</u>	<u>\$ 252,620</u>
<b><u>Law Department</u></b>				
City Attorney	\$ 4,084,871	\$ 4,178,308	\$ 3,919,348	\$ 258,960
<b><u>Finance Department</u></b>				
Director of Finance:				
Director's Office	\$ 762,260	\$ 818,898	\$ 732,819	\$ 86,079
Comptroller's Office	1,669,170	1,752,386	1,657,594	94,792
Payroll	817,006	828,214	840,875	(12,661)
Purchasing	1,169,128	1,313,889	1,184,134	129,755
Local Vehicle Registration	731,000	731,000	292,882	438,118
Total Director of Finance	<u>\$ 5,148,564</u>	<u>\$ 5,444,387</u>	<u>\$ 4,708,304</u>	<u>\$ 736,083</u>
Commissioner of the Revenue	4,198,633	4,363,552	4,309,525	54,027
Board of Equalization	9,141	12,235	11,129	1,106
City Real Estate Assessor	3,222,977	3,239,127	3,063,534	175,593
Treasurer	5,572,935	5,729,992	5,723,323	6,669
Total Finance Department	<u>\$ 18,152,250</u>	<u>\$ 18,789,293</u>	<u>\$ 17,815,815</u>	<u>\$ 973,478</u>
<b><u>Human Resources Department</u></b>				
Director's Office	\$ 371,030	\$ 372,703	\$ 286,432	\$ 86,271
Employee Relations	2,775,352	2,808,956	2,471,219	337,737
Benefits Administration	8,444,413	8,444,413	7,351,460	1,092,953
Occupational Safety	1,172,387	1,200,882	1,065,491	135,391
Total Human Resources Department	<u>\$ 12,763,182</u>	<u>\$ 12,826,954</u>	<u>\$ 11,174,602</u>	<u>\$ 1,652,352</u>
<b><u>Judicial Department</u></b>				
Circuit Court	\$ 1,089,739	\$ 1,094,461	\$ 1,073,532	\$ 20,929
General District Court	373,039	397,942	371,469	26,473
Juvenile and Domestic Relations - District Court	131,995	151,075	136,816	14,259
Commonwealth's Attorney	7,990,185	8,055,815	7,690,501	365,314
Clerk of the Circuit Court	3,143,523	3,618,104	3,214,863	403,241
Magistrates	93,604	96,536	85,309	11,227
Juvenile Probation	1,665,156	1,666,228	1,191,843	474,385
Total Judicial Department	<u>\$ 14,487,241</u>	<u>\$ 15,080,161</u>	<u>\$ 13,764,333</u>	<u>\$ 1,315,828</u>
<b><u>Health Department</u></b>				
Preventive Medicine	\$ 3,190,101	\$ 3,250,609	\$ 3,213,191	\$ 37,418
<b><u>Human Services Department</u></b>				
Administration	\$ 6,081,614	\$ 6,113,838	\$ 5,869,148	\$ 244,690
Mental Health	19,688,763	21,002,771	19,186,972	1,815,799
Mental Retardation	19,199,558	19,560,461	18,347,447	1,213,014
Substance Abuse	5,184,679	5,284,650	4,711,063	573,587
Social Services	34,354,927	34,461,021	32,138,312	2,322,709
Pendleton Child Service Center	1,669,891	1,678,026	1,173,481	504,545
Comprehensive Services Act Administration & Social Services	10,839,742	10,841,523	10,226,636	614,887
Indian River Road ICF/MR	7,585,569	7,670,503	7,552,881	117,622
Juvenile Detention Center	4,995,426	5,052,953	4,775,494	277,459
Total Human Services Department	<u>\$ 109,600,169</u>	<u>\$ 111,665,746</u>	<u>\$ 103,981,434</u>	<u>\$ 7,684,312</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>Police Department</u></b>				
Director's Office	\$ 3,142,716	\$ 3,166,147	\$ 3,059,276	\$ 106,871
Personnel and Training	4,456,279	4,645,449	4,456,414	189,035
Crime Prevention	70,221,144	70,780,318	68,523,167	2,257,151
Investigative Division	17,859,165	17,998,876	17,546,680	452,196
Total Police Department	<u>\$ 95,679,304</u>	<u>\$ 96,590,790</u>	<u>\$ 93,585,537</u>	<u>\$ 3,005,253</u>
<b><u>Public Works Department</u></b>				
Director's Office	\$ 307,271	\$ 313,601	\$ 122,813	\$ 190,788
Administration Services	7,248,452	7,266,202	6,860,391	405,811
Waste Management/Administration	750,000	750,000	750,000	-
Real Estate Office	9,788,798	10,124,744	9,322,885	801,859
Customer Service/Administration	47,817,516	49,560,811	45,266,316	4,294,495
Support Services and Systems Support	886,867	897,391	839,015	58,376
Facilities Management	540,938	565,944	524,804	41,140
Total Public Works Department	<u>\$ 67,339,842</u>	<u>\$ 69,478,693</u>	<u>\$ 63,686,224</u>	<u>\$ 5,792,469</u>
<b><u>Library Department</u></b>				
Director's Office	\$ 1,448,134	\$ 1,458,646	\$ 1,411,234	\$ 47,412
Central Library	2,666,303	2,685,268	2,609,908	75,360
Great Neck Area Library	657,807	662,659	648,474	14,185
Bayside Area Library	917,865	923,391	903,951	19,440
Oceanfront Area Library	760,228	765,605	730,947	34,658
Kempsville Area Library	1,101,752	1,108,853	1,082,410	26,443
Windsor Woods Area Library	606,460	609,369	609,641	(272)
Pungo/Blackwater Area Library	379,487	382,756	381,496	1,260
Princess Anne Library	1,038,619	1,046,057	1,024,489	21,568
Joint Use Library	1,969,011	1,978,840	1,809,952	168,888
Youth and Family Services	1,037,448	1,039,835	1,017,989	21,846
Support Services	5,073,510	5,776,889	5,107,259	669,630
Total Library Department	<u>\$ 17,656,624</u>	<u>\$ 18,438,168</u>	<u>\$ 17,337,750</u>	<u>\$ 1,100,418</u>
<b><u>Planning Department</u></b>				
Director's Office	\$ 1,266,945	\$ 1,491,349	\$ 1,331,225	\$ 160,124
Comprehensive Planning	527,010	529,657	524,075	5,582
Environment and Sustainability	352,061	368,832	353,938	14,894
Development Services	1,936,099	1,945,669	1,818,833	126,836
Public Utilities - Development Services	298,392	302,404	285,916	16,488
Current Planning	475,183	478,038	436,561	41,477
Building Permits and Inspections	3,903,616	3,945,922	3,607,221	338,701
Chesapeake Bay Program	220,790	221,978	220,646	1,332
Wetlands Program	138,770	139,040	136,329	2,711
Zoning Administration	1,169,595	1,177,523	1,158,301	19,222
Total Planning Department	<u>\$ 10,288,461</u>	<u>\$ 10,600,412</u>	<u>\$ 9,873,045</u>	<u>\$ 727,367</u>
<b><u>Agriculture Department</u></b>				
Director's Office	\$ 303,702	\$ 306,196	\$ 298,343	\$ 7,853
Virginia Cooperative Extension	283,842	284,745	265,978	18,767
Farmers Market	227,999	239,547	196,519	43,028
Total Agriculture Department	<u>\$ 815,543</u>	<u>\$ 830,488</u>	<u>\$ 760,840</u>	<u>\$ 69,648</u>
<b><u>Economic Development Department</u></b>				
Director of Economic Development	\$ 2,752,079	\$ 3,123,278	\$ 2,807,430	\$ 315,848
Growsmart	307,836	313,162	229,978	83,184
Total Economic Development Department	<u>\$ 3,059,915</u>	<u>\$ 3,436,440</u>	<u>\$ 3,037,408</u>	<u>\$ 399,032</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>Convention and Visitor Development</u></b>				
Director's Office	\$ 1,319,851	\$ 1,325,924	\$ 1,188,631	\$ 137,293
Tourism Marketing and Sales	491,310	494,907	473,971	20,936
Convention Marketing and Sales	872,641	876,621	798,640	77,981
Sports Marketing	267,729	268,624	251,583	17,041
Convention Center	6,260,772	6,405,697	5,860,384	545,313
Total Convention and Visitor Development	<u>\$ 9,212,303</u>	<u>\$ 9,371,773</u>	<u>\$ 8,573,209</u>	<u>\$ 798,564</u>
<b><u>Parks and Recreation Department</u></b>				
Landscape Administration	\$ 2,161,627	\$ 2,226,496	\$ 2,127,957	\$ 98,539
Grounds Maintenance	6,483,002	6,711,768	6,139,829	571,939
Parks Maintenance	3,068,408	3,209,731	3,273,698	(63,967)
Special Zones Management	656,157	660,145	756,438	(96,293)
Resort Area Landscaping	1,286,411	1,320,128	1,301,815	18,313
Total Parks and Recreation Department	<u>\$ 13,655,605</u>	<u>\$ 14,128,268</u>	<u>\$ 13,599,737</u>	<u>\$ 528,531</u>
<b><u>Boards and Commissions</u></b>				
General Registrar	\$ 1,378,780	\$ 1,479,791	\$ 1,282,285	\$ 197,506
Zoning Board of Appeals	15,496	15,496	15,029	467
Mass Transit Operations	5,589,455	5,589,455	5,589,455	-
Wetlands Board of Virginia Beach	3,571	3,571	3,530	41
Chesapeake Bay Preservation Board	9,756	9,756	9,211	545
Audit Services	688,272	706,314	705,960	354
Cultural Affairs	678,558	727,293	634,177	93,116
COIG - General Operation Grants	409,126	410,234	410,234	-
Lease/Rent of Facilities	1,658,262	1,658,262	1,589,801	68,461
Arts and Humanities Commissions	500,000	529,074	524,355	4,719
Planning Commission	23,687	23,687	22,275	1,412
Sandler Center for Performing Arts	1,121,364	1,817,969	874,972	942,997
Regional Participation	1,858,440	2,071,052	2,071,051	1
Vehicle Replacements	5,107,514	5,817,170	5,407,402	409,768
Revenue Reimbursements	15,385,969	15,385,969	15,321,866	64,103
Independent Financial Services	153,878	190,664	87,882	102,782
Computer Replacement Program	981,412	1,100,208	1,053,595	46,613
Total Boards and Commissions	<u>\$ 35,563,540</u>	<u>\$ 37,535,965</u>	<u>\$ 35,603,080</u>	<u>\$ 1,932,885</u>
<b><u>Fire Department</u></b>				
Fire Marshal's Office	\$ 2,619,258	\$ 2,642,364	\$ 2,223,116	\$ 419,248
Fire Administration	2,033,065	2,047,492	2,093,949	(46,457)
Fire Operations	41,205,271	41,440,986	41,227,755	213,231
Emergency Management	414,834	436,057	360,321	75,736
Fire Training	1,246,992	1,261,861	1,132,575	129,286
Total Fire Department	<u>\$ 47,519,420</u>	<u>\$ 47,828,760</u>	<u>\$ 47,037,716</u>	<u>\$ 791,044</u>
<b><u>Communications and Information Technology</u></b>				
ComIT Business Center	\$ 911,732	\$ 917,427	\$ 929,693	\$ (12,266)
Applications Support	8,405,992	9,275,779	7,917,314	1,358,465
Operations Support	-	783,247	783,247	-
System Support	6,487,661	6,766,572	5,835,026	931,546
Center for GIS	2,168,674	2,216,249	2,145,745	70,504
Video Services	1,527,897	1,683,081	1,256,900	426,181
GF Telecommunications	1,624,047	1,688,379	1,548,329	140,050
Technology Services	1,720,253	1,718,979	1,371,471	347,508
Mail Services	226,670	226,538	220,403	6,135
Total Communications and Information Technology	<u>\$ 23,072,926</u>	<u>\$ 25,276,251</u>	<u>\$ 22,008,128</u>	<u>\$ 3,268,123</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>Emergency Communications and Citizen Services</u></b>				
Emergency Communications	\$ 8,258,629	\$ 8,279,407	\$ 7,350,525	\$ 928,882
Director's Office	235,941	237,868	229,958	7,910
Administration	380,255	417,652	324,700	92,952
Citizen Services	880,324	881,901	807,614	74,287
Training	48,868	48,868	38,413	10,455
Technology and Support	521,971	495,639	234,542	261,097
Total Emergency Communications and Citizen Services	<u>\$ 10,325,988</u>	<u>\$ 10,361,335</u>	<u>\$ 8,985,752</u>	<u>\$ 1,375,583</u>
<b><u>Housing and Neighborhood Preservation</u></b>				
Code Enforcement	<u>\$ 1,801,299</u>	<u>\$ 1,946,939</u>	<u>\$ 1,781,009</u>	<u>\$ 165,930</u>
<b><u>Museums Department</u></b>				
Aquarium and Marine Science Center	\$ 9,290,849	\$ 10,729,586	\$ 9,505,197	\$ 1,224,389
Aquarium Foundation	1,280,444	1,284,164	1,080,781	203,383
Historical Preservation	886,097	1,063,795	849,305	214,490
Total Museums Department	<u>\$ 11,457,390</u>	<u>\$ 13,077,545</u>	<u>\$ 11,435,283</u>	<u>\$ 1,642,262</u>
<b><u>Management Services Department</u></b>				
Director's Office	<u>\$ 1,613,438</u>	<u>\$ 1,633,604</u>	<u>\$ 1,526,664</u>	<u>\$ 106,940</u>
<b><u>Emergency Medical Services</u></b>				
Director's Office	\$ 656,215	\$ 659,753	\$ 685,033	\$ (25,280)
Operations	2,502,736	2,504,398	2,326,678	177,720
Lifeguard Services	1,675,779	1,678,344	1,676,526	1,818
Training	500,604	504,458	507,146	(2,688)
Emergency Response System	3,665,024	3,645,424	3,544,231	101,193
Regulation & Enforcement	217,636	218,050	205,425	12,625
Total Emergency Medical Services	<u>\$ 9,217,994</u>	<u>\$ 9,210,427</u>	<u>\$ 8,945,039</u>	<u>\$ 265,388</u>
<b><u>Strategic Growth Area</u></b>				
Strategic Growth Area	\$ 653,318	\$ 696,501	\$ 652,215	\$ 44,286
Resort Programs and Special Events	511,950	521,257	484,046	37,211
Total Strategic Growth Area	<u>\$ 1,165,268</u>	<u>\$ 1,217,758</u>	<u>\$ 1,136,261</u>	<u>\$ 81,497</u>
<b><u>Debt Service</u></b>				
Principal	\$ 31,916,405	\$ 31,916,405	\$ 30,832,497	\$ 1,083,908
Interest	16,358,032	16,358,032	17,002,340	(644,308)
Total Debt Service	<u>\$ 48,274,437</u>	<u>\$ 48,274,437</u>	<u>\$ 47,834,837</u>	<u>\$ 439,600</u>
<b><u>Education</u></b>				
School Operating	\$ 392,017,424	\$ 347,872,194	\$ 335,555,661	\$ 12,316,533
School Operating from Reserves	16,000,000	16,000,000	16,000,000	-
School Capital Projects	1,591,000	2,107,300	2,107,300	-
Total Education	<u>\$ 409,608,424</u>	<u>\$ 365,979,494</u>	<u>\$ 353,662,961</u>	<u>\$ 12,316,533</u>
Total Department Expenditures	<u>\$ 983,543,998</u>	<u>\$ 955,097,388</u>	<u>\$ 908,102,938</u>	<u>\$ 46,994,450</u>

(continued)



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>Other Financing Uses</u></b>				
Transfers Out:				
General Debt Service	\$ 44,870,230	\$ 44,870,230	\$ 44,870,230	\$ -
Housing and Neighborhood Preservation	635,585	703,241	703,241	-
General Government Capital Projects	16,447,042	16,244,012	16,244,012	-
Engineering and Highways Capital Projects	10,793,006	10,793,006	10,793,006	-
Parks and Recreation Capital Projects	3,331,206	3,313,200	3,313,200	-
Economic & Tourism Capital Projects	7,880,182	6,754,826	6,754,826	-
Coastal Capital Projects	5,514,696	6,150,996	6,150,996	-
Grants Consolidated	496,800	657,136	649,457	7,679
Sheriff's Department	15,594,525	18,681,103	18,681,103	-
Tourism Growth Investment Program	-	23,000	23,000	-
Parks and Recreation	4,432,461	4,524,490	4,524,490	-
Federal Section 8	364,658	375,951	375,951	-
Federal Housing Assistance Program	244,124	244,124	244,124	-
Risk Management	-	3,639,476	3,639,476	-
Public Safety City Marina	19,890	19,890	19,890	-
Total Other Financing Uses	<u>\$ 110,624,405</u>	<u>\$ 116,994,681</u>	<u>\$ 116,987,002</u>	<u>\$ 7,679</u>
<b>TOTAL EXPENDITURES AND OTHER</b>				
<b>FINANCING USES</b>	<u>\$ 1,094,168,403</u>	<u>\$ 1,072,092,069</u>	<u>\$ 1,025,089,940</u>	<u>\$ 47,002,129</u>

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**NONMAJOR  
SPECIAL REVENUE FUNDS**



## NONMAJOR SPECIAL REVENUE FUNDS

The Nonmajor Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The City has the following Nonmajor Special Revenue Funds:

**Law Library** - accounts for the revenues and expenditures of providing legal information and research. Revenues are raised through a set charge per civil court case and donations, which are used for library operations.

**Sandbridge Tax Increment Financing\*** - accounts for the incremental growth in real estate tax revenues within the district. These incremental revenues are generated by assessment growth beyond the base year, and are used to support beach and shoreline restoration in the Sandbridge district as established by City Council.

**Housing and Neighborhood Preservation** - accounts for the combined activities of the Federal Community Development Block Grant (CDBG), Federal Housing Assistance Grant, and Community Development Loan and programs. This fund supports the administration of both capital improvement projects in target neighborhoods and various other housing programs. The uses of fund balance are restricted to the federal programs that generated the funds.

**Development Authority** - accounts for financial resources dedicated to the economic development of the City.

**Town Center Special Service District** - established to provide for the maintenance of public parking facilities and other infrastructure in conjunction with realizing a long-term City Council goal of developing a town center which is supported by revenues from an additional real estate tax rate applied to each property owner in the Central Business District (CBD) within the Pembroke area of the City.

**Forfeited Assets** - accounts for the City's share of Federal revenues derived from any Federal agency where money or assets are seized. If the Commonwealth's Attorney is involved in the case, the department too gets a portion of the funds. All State seizures are divided with the Commonwealth's Attorney receiving 25% and the Police Department receiving 75%. All real estate seized is split 50%/50% between the Commonwealth's Attorney and the Police Department. Fund balance must be used in compliance with Federal and State regulations to fund Police or Commonwealth's Attorney projects.

**Federal Section Eight Program** - accounts for funds received from the Federal Department of Housing and Urban Development to provide rental assistance to low and moderate income families. A separate fund is required by the Federal government and fund balance must be used for rental assistance.

**Sheriff's Department** - accounts for the cost of the care and custody of persons placed in the Virginia Beach Correctional Center by the courts and for the operation of the Sheriff's Department, as established by City Council.

**Parks and Recreation** - accounts for revenues raised through Parks and Recreation programs. This fund also receives dedicated funding from a portion of the real estate taxes to support and maintain the City's recreation centers.

**Tourism Investment Program** - accounts for the revenue streams to fund tourism related capital projects and expenditures for oceanfront programs and events, maintenance, operating costs, and debt service of tourism-related projects, as established by City Council. This fund receives dedicated funding from a percentage of the following local taxes: amusement, hotel room, and restaurant meal tax receipts.

## **NONMAJOR SPECIAL REVENUE FUNDS (continued)**

**Central Business District South Tax Increment Financing** - accounts for incremental growth in real estate tax revenues and debt service funding of public parking and other public improvements in this business district. Fund balance is maintained to meet planned construction and debt service costs for improvements in this district as approved by City Council.

**Sandbridge Special Service District\*** - accounts for the revenues raised by the additional real estate tax, hotel tax and other Sandbridge related revenue. The Virginia Beach code restricts the uses of fund balance to Capital Improvement Program projects associated with beach and shoreline restoration and maintenance within the Sandbridge District.

**Tourism Advertising Program** - accounts for revenue and expenses related to tourism advertising. This fund receives dedicated funding from a percentage of the hotel room tax and restaurant meal tax. There is a City Council appointed committee that oversees the use of these funds.

**Agriculture Reserve Program** - accounts for revenue and expenses to promote and encourage the preservation of farmland in the rural southern portion of the City, in which agricultural uses predominate. This is a voluntary purchase of development rights rather than regulatory, as established by City Council. Fund balance will be used for payments of future interest costs of U.S Treasury Securities and the maturing interest on each agreement.

**Emergency FEMA** - accounts for receipts from the Federal Emergency Management Agency (FEMA), and for the cost of providing urban search and rescue services in support of disaster declarations as well as reimbursements to the City for the cost of local disasters. The level of fund balance is subject to final audit by the Inspector General.

**Open Space** - accounts for the acquisition and preservation of land in the City of Virginia Beach. This fund receives dedicated revenues from a percentage of the restaurant meal tax.

**Combined Area Dredging Projects** – this fund supports the three special service districts of Old Donation Creek, Bayville Creek and Shadowlawn, where additional real estate taxes are assessed on residents of those districts and collected to provide neighborhood channel dredging of creeks and rivers.

**Wetlands Board Mitigation** – accounts for the fines assessed for the destruction of wetlands and are to be used for the purchase of land and re-creation of wetlands.

**Grants Consolidated** - accounts for certain Commonwealth of Virginia and Federal Grants (with matching local funds, if required).

\* The level of fund balance in both the Sandbridge Tax Increment Financing and Sandbridge Special Service District, along with the balance in the Sandbridge capital project, is to be sufficient to provide funding for one sand replenishment and one emergency replenishment in the Sandbridge area.

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**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015**

	<b>Law Library</b>	<b>Sandbridge Tax Increment Financing</b>	<b>Housing and Neighborhood Preservation</b>
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 373,002	\$ -	\$ -
Restricted Cash	-	7,530,244	-
Accounts Receivable	-	-	493,950
Loans Receivable	-	-	6,453,867
Due from Other Governments	-	-	-
Due from Commonwealth	-	-	-
Due from Federal Government	-	-	9,647
Total Assets	<u>\$ 373,002</u>	<u>\$ 7,530,244</u>	<u>\$ 6,957,464</u>
<b><u>LIABILITIES</u></b>			
Vouchers and Accounts Payable	\$ 13,209	\$ -	\$ 150,824
Due to Other Funds	-	-	250,592
Unearned Revenue	-	-	-
Total Liabilities	<u>\$ 13,209</u>	<u>\$ -</u>	<u>\$ 401,416</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable Revenue - Housing Loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493,950</u>
<b><u>FUND BALANCES</u></b>			
Nonspendable	\$ -	\$ -	\$ 6,453,867
Restricted for:			
General Government	-	-	-
Housing and Community Development	-	-	-
Judicial	-	-	-
Public Safety	-	-	-
Special Service District	-	-	-
Committed to:			
Agriculture	-	-	-
Convention and Visitor Development	-	-	-
Educational	98,212	-	-
Judicial	-	-	-
Parks and Recreation	-	-	-
Tax Increment Financing	-	5,905,642	-
Assigned to:			
Agriculture	-	-	-
Educational	261,581	-	-
Judicial	-	-	-
Parks and Recreation	-	-	-
Special Service District	-	-	-
Tax Increment Financing	-	1,624,602	-
Unassigned	-	-	(391,769)
Total Fund Balances	<u>\$ 359,793</u>	<u>\$ 7,530,244</u>	<u>\$ 6,062,098</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 373,002</u>	<u>\$ 7,530,244</u>	<u>\$ 6,957,464</u>



**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015**

<b>Development Authority</b>	<b>Town Center Special Service District</b>	<b>Forfeited Assets</b>	<b>Federal Section Eight Program</b>	<b>Sub-Total (continued)</b>
\$ -	\$ -	\$ 3,759,475	\$ 348,656	\$ 4,481,133
120,862	1,453,497	-	269,198	9,373,801
-	-	-	299	494,249
-	-	-	-	6,453,867
-	-	-	5,997	5,997
-	-	-	-	-
-	-	-	75,887	85,534
<u>\$ 120,862</u>	<u>\$ 1,453,497</u>	<u>\$ 3,759,475</u>	<u>\$ 700,037</u>	<u>\$ 20,894,581</u>
\$ 120,862	\$ 194,394	\$ 38,344	\$ 338,765	\$ 856,398
-	-	-	-	250,592
-	-	-	-	-
<u>\$ 120,862</u>	<u>\$ 194,394</u>	<u>\$ 38,344</u>	<u>\$ 338,765</u>	<u>\$ 1,106,990</u>
\$ -	\$ -	\$ -	\$ -	\$ 493,950
\$ -	\$ -	\$ -	\$ -	\$ 6,453,867
-	-	-	-	-
-	-	-	361,272	361,272
-	-	644,991	-	644,991
-	-	2,676,140	-	2,676,140
-	720,904	-	-	720,904
-	-	-	-	-
-	-	-	-	-
-	-	-	-	98,212
-	-	-	-	-
-	-	-	-	-
-	-	-	-	5,905,642
-	-	-	-	-
-	-	-	-	261,581
-	-	400,000	-	400,000
-	-	-	-	-
-	538,199	-	-	538,199
-	-	-	-	1,624,602
-	-	-	-	(391,769)
<u>\$ -</u>	<u>\$ 1,259,103</u>	<u>\$ 3,721,131</u>	<u>\$ 361,272</u>	<u>\$ 19,293,641</u>
<u>\$ 120,862</u>	<u>\$ 1,453,497</u>	<u>\$ 3,759,475</u>	<u>\$ 700,037</u>	<u>\$ 20,894,581</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015**

	Sheriff's Department	Parks and Recreation	Tourism Investment Program
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 511,338	\$ 17,234,169	\$ 1,862,753
Restricted Cash	-	-	-
Accounts Receivable	16,567	73,530	-
Loans Receivable	-	-	-
Due from Other Governments	-	-	-
Due from Commonwealth	1,265,486	-	-
Due from Federal Government	12,689	-	-
Total Assets	<u>\$ 1,806,080</u>	<u>\$ 17,307,699</u>	<u>\$ 1,862,753</u>
<b><u>LIABILITIES</u></b>			
Vouchers and Accounts Payable	\$ 1,302,461	\$ 911,821	\$ 210,332
Due to Other Funds	-	-	-
Unearned Revenue	-	150,533	-
Total Liabilities	<u>\$ 1,302,461</u>	<u>\$ 1,062,354</u>	<u>\$ 210,332</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable Revenue - Housing Loans	\$ -	\$ -	\$ -
<b><u>FUND BALANCES</u></b>			
Nonspendable	\$ -	\$ -	\$ -
Restricted for:			
General Government	-	-	-
Housing and Community Development	-	-	-
Judicial	-	-	-
Public Safety	-	-	-
Special Service District	-	-	-
Committed to:			
Agriculture	-	-	-
Convention and Visitor Development	-	-	1,652,421
Educational	-	-	-
Judicial	470,658	-	-
Parks and Recreation	-	11,943,345	-
Tax Increment Financing	-	-	-
Assigned to:			
Agriculture	-	-	-
Educational	-	-	-
Judicial	32,961	-	-
Parks and Recreation	-	4,302,000	-
Special Service District	-	-	-
Tax Increment Financing	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>\$ 503,619</u>	<u>\$ 16,245,345</u>	<u>\$ 1,652,421</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 1,806,080</u>	<u>\$ 17,307,699</u>	<u>\$ 1,862,753</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015**

<b>Central Business District South Tax Increment Financing</b>	<b>Sandbridge Special Service District</b>	<b>Tourism Advertising Program</b>	<b>Sub-Total (continued)</b>
\$ -	\$ -	\$ 1,657,512	\$ 25,746,905
3,072,208	447,941	-	12,893,950
-	-	-	584,346
-	-	-	6,453,867
-	-	-	5,997
-	-	-	1,265,486
-	-	-	98,223
<u>\$ 3,072,208</u>	<u>\$ 447,941</u>	<u>\$ 1,657,512</u>	<u>\$ 47,048,774</u>
\$ 32,724	\$ -	\$ 451,001	\$ 3,764,737
-	-	-	250,592
-	-	-	150,533
<u>\$ 32,724</u>	<u>\$ -</u>	<u>\$ 451,001</u>	<u>\$ 4,165,862</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493,950</u>
\$ -	\$ -	\$ -	\$ 6,453,867
-	-	-	-
-	-	-	361,272
-	-	-	644,991
-	-	-	2,676,140
-	222,346	-	943,250
-	-	-	-
-	-	1,206,511	2,858,932
-	-	-	98,212
-	-	-	470,658
-	-	-	11,943,345
2,519,360	-	-	8,425,002
-	-	-	-
-	-	-	261,581
-	-	-	432,961
-	-	-	4,302,000
-	225,595	-	763,794
520,124	-	-	2,144,726
-	-	-	(391,769)
<u>\$ 3,039,484</u>	<u>\$ 447,941</u>	<u>\$ 1,206,511</u>	<u>\$ 42,388,962</u>
<u>\$ 3,072,208</u>	<u>\$ 447,941</u>	<u>\$ 1,657,512</u>	<u>\$ 47,048,774</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015**

	Agriculture Reserve Program	Emergency FEMA	Open Space
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 13,995,323	\$ 398,551	\$ 1,183,130
Restricted Cash	-	-	-
Accounts Receivable	-	-	-
Loans Receivable	-	-	-
Due from Other Governments	-	-	-
Due from Commonwealth	-	-	-
Due from Federal Government	-	-	-
Total Assets	<u>\$ 13,995,323</u>	<u>\$ 398,551</u>	<u>\$ 1,183,130</u>
<b><u>LIABILITIES</u></b>			
Vouchers and Accounts Payable	\$ 1,124	\$ -	\$ 24,077
Due to Other Funds	-	-	-
Unearned Revenue	-	-	-
Total Liabilities	<u>\$ 1,124</u>	<u>\$ -</u>	<u>\$ 24,077</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable Revenue - Housing Loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>FUND BALANCES</u></b>			
Nonspendable	\$ -	\$ -	\$ -
Restricted for:			
General Government	-	-	-
Housing and Community Development	-	-	-
Judicial	-	-	-
Public Safety	-	398,551	-
Special Service District	-	-	-
Committed to:			
Agriculture	13,548,992	-	-
Convention and Visitor Development	-	-	-
Educational	-	-	-
Judicial	-	-	-
Parks and Recreation	-	-	484,299
Tax Increment Financing	-	-	-
Assigned to:			
Agriculture	445,207	-	-
Educational	-	-	-
Judicial	-	-	-
Parks and Recreation	-	-	674,754
Special Service District	-	-	-
Tax Increment Financing	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>\$ 13,994,199</u>	<u>\$ 398,551</u>	<u>\$ 1,159,053</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 13,995,323</u>	<u>\$ 398,551</u>	<u>\$ 1,183,130</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015**

Combined Area Dredging Projects	Wetlands Board Mitigation	Grants Consolidated	Totals
\$ -	\$ 257,177	\$ -	\$ 41,581,086
76,160	-	2,526,796	15,496,906
-	-	-	584,346
-	-	-	6,453,867
-	-	-	5,997
-	-	109,601	1,375,087
-	-	509,085	607,308
<u>\$ 76,160</u>	<u>\$ 257,177</u>	<u>\$ 3,145,482</u>	<u>\$ 66,104,597</u>
\$ -	\$ -	\$ 370,833	\$ 4,160,771
-	-	-	250,592
-	-	-	150,533
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 370,833</u>	<u>\$ 4,561,896</u>
\$ -	\$ -	\$ -	\$ 493,950
\$ -	\$ -	\$ -	\$ 6,453,867
-	-	2,774,649	2,774,649
-	-	-	361,272
-	-	-	644,991
-	-	-	3,074,691
54,100	-	-	997,350
-	-	-	13,548,992
-	-	-	2,858,932
-	-	-	98,212
-	-	-	470,658
-	257,177	-	12,684,821
-	-	-	8,425,002
-	-	-	445,207
-	-	-	261,581
-	-	-	432,961
-	-	-	4,976,754
22,060	-	-	785,854
-	-	-	2,144,726
-	-	-	(391,769)
<u>\$ 76,160</u>	<u>\$ 257,177</u>	<u>\$ 2,774,649</u>	<u>\$ 61,048,751</u>
<u>\$ 76,160</u>	<u>\$ 257,177</u>	<u>\$ 3,145,482</u>	<u>\$ 66,104,597</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Law Library	Sandbridge Tax Increment Financing	Housing and Neighborhood Preservation
<b><u>REVENUES</u></b>			
General Property Taxes	\$ -	\$ 7,756,100	\$ -
Other Local Taxes	-	-	-
From Use of Money and Property	3,499	23,342	15,518
Charges for Services	265,230	-	450
Miscellaneous	-	-	483
Fines and Forfeitures	-	-	-
From Commonwealth	-	-	-
From Federal Government	-	-	2,836,919
Total Revenues	<u>\$ 268,729</u>	<u>\$ 7,779,442</u>	<u>\$ 2,853,370</u>
<b><u>EXPENDITURES</u></b>			
Current:			
Judicial	\$ -	\$ -	\$ -
Library	278,782	-	-
Police	-	-	-
Fire	-	-	-
Public Works	-	-	-
Planning	-	-	-
Parks and Recreation	-	-	-
Agriculture	-	-	-
Convention and Visitor Development	-	-	-
Housing and Neighborhood Preservation	-	-	3,716,821
Human Services	-	-	-
Development Authority	-	-	-
General Government	-	-	-
Emergency Medical Services	-	-	-
Total Expenditures	<u>\$ 278,782</u>	<u>\$ -</u>	<u>\$ 3,716,821</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ (10,053)</u>	<u>\$ 7,779,442</u>	<u>\$ (863,451)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers In	\$ -	\$ -	\$ 1,093,354
Transfers Out	-	(8,369,801)	(273,946)
Agriculture Reserve Agreement	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (8,369,801)</u>	<u>\$ 819,408</u>
<b><u>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>\$ (10,053)</u>	<u>\$ (590,359)</u>	<u>\$ (44,043)</u>
<b><u>FUND BALANCES-JULY 1</u></b>	<u>369,846</u>	<u>8,120,603</u>	<u>6,106,141</u>
<b><u>FUND BALANCES - JUNE 30</u></b>	<u>\$ 359,793</u>	<u>\$ 7,530,244</u>	<u>\$ 6,062,098</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Development Authority</b>	<b>Town Center Special Service District</b>	<b>Forfeited Assets</b>	<b>Federal Section Eight Program</b>	<b>Sub-Total (continued)</b>
\$ -	\$ 1,727,192	\$ -	\$ -	\$ 9,483,292
-	-	-	-	-
-	15,586	10,096	842	68,883
-	22,275	-	-	287,955
400,429	4,369	-	2,170,127	2,575,408
-	-	-	-	-
-	-	351,851	-	351,851
-	-	278,803	17,253,298	20,369,020
<u>\$ 400,429</u>	<u>\$ 1,769,422</u>	<u>\$ 640,750</u>	<u>\$ 19,424,267</u>	<u>\$ 33,136,409</u>
\$ -	\$ -	\$ 160,912	\$ -	\$ 160,912
-	-	-	-	278,782
-	-	413,413	-	413,413
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	19,760,772	23,477,593
-	-	-	-	-
400,429	-	-	-	400,429
-	1,595,384	-	-	1,595,384
-	-	-	-	-
<u>\$ 400,429</u>	<u>\$ 1,595,384</u>	<u>\$ 574,325</u>	<u>\$ 19,760,772</u>	<u>\$ 26,326,513</u>
<u>\$ -</u>	<u>\$ 174,038</u>	<u>\$ 66,425</u>	<u>\$ (336,505)</u>	<u>\$ 6,809,896</u>
\$ -	\$ 150,000	\$ -	\$ 250,050	\$ 1,493,404
-	(371,199)	(381,983)	-	(9,396,929)
-	-	-	-	-
<u>\$ -</u>	<u>\$ (221,199)</u>	<u>\$ (381,983)</u>	<u>\$ 250,050</u>	<u>\$ (7,903,525)</u>
\$ -	\$ (47,161)	\$ (315,558)	\$ (86,455)	\$ (1,093,629)
-	1,306,264	4,036,689	447,727	20,387,270
<u>\$ -</u>	<u>\$ 1,259,103</u>	<u>\$ 3,721,131</u>	<u>\$ 361,272</u>	<u>\$ 19,293,641</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Sheriff's Department	Parks and Recreation	Tourism Investment Program
<b><u>REVENUES</u></b>			
General Property Taxes	\$ -	\$ 17,290,403	\$ -
Other Local Taxes	-	-	34,203,653
From Use of Money and Property	11,860	1,594,388	360,693
Charges for Services	4,714,441	12,969,112	-
Miscellaneous	6,163	119,841	429,195
Fines and Forfeiture	-	-	465,246
From Commonwealth	17,683,480	16,505	-
From Federal Government	230,660	-	-
Total Revenues	<u>\$ 22,646,604</u>	<u>\$ 31,990,249</u>	<u>\$ 35,458,787</u>
<b><u>EXPENDITURES</u></b>			
Current:			
Judicial	\$ 41,124,159	\$ -	\$ -
Library	-	-	-
Police	-	-	-
Fire	-	-	-
Public Works	-	-	-
Planning	-	-	-
Parks and Recreation	-	32,864,529	-
Agriculture	-	-	-
Convention and Visitor Development	-	-	31,486,992
Housing and Neighborhood Preservation	-	-	-
Human Services	-	-	-
Development Authority	-	-	-
General Government	-	-	-
Emergency Medical Services	-	-	-
Total Expenditures	<u>\$ 41,124,159</u>	<u>\$ 32,864,529</u>	<u>\$ 31,486,992</u>
<b><u>EXCESS OF REVENUES OVER</u></b>			
<b><u>(UNDER) EXPENDITURES</u></b>	<u>\$ (18,477,555)</u>	<u>\$ (874,280)</u>	<u>\$ 3,971,795</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers In	\$ 18,681,103	\$ 4,544,380	\$ 23,000
Transfers Out	(24,551)	(5,806,561)	(5,303,312)
Agriculture Reserve Agreement	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 18,656,552</u>	<u>\$ (1,262,181)</u>	<u>\$ (5,280,312)</u>
<b><u>EXCESS OF REVENUE AND</u></b>			
<b><u>OTHER FINANCING SOURCES</u></b>			
<b><u>OVER (UNDER) EXPENDITURES</u></b>			
<b><u>AND OTHER FINANCING USES</u></b>			
	\$ 178,997	\$ (2,136,461)	\$ (1,308,517)
<b><u>FUND BALANCES-JULY 1</u></b>	<u>324,622</u>	<u>18,381,806</u>	<u>2,960,938</u>
<b><u>FUND BALANCES - JUNE 30</u></b>	<u>\$ 503,619</u>	<u>\$ 16,245,345</u>	<u>\$ 1,652,421</u>



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Central Business District South Tax Increment Financing		Sandbridge Special Service District		Tourism Advertising Program		Sub-Total (continued)
\$	5,811,208	\$	624,191	\$	-	\$ 33,209,094
	500,000		870,419		10,761,697	46,335,769
	2,350		3,753		35,826	2,077,753
	-		-		43,040	18,014,548
	-		-		15,700	3,146,307
	-		-		-	465,246
	-		-		-	18,051,836
	-		-		-	20,599,680
\$	6,313,558	\$	1,498,363	\$	10,856,263	\$ 141,900,233
\$	-	\$	-	\$	-	\$ 41,285,071
	-		-		-	278,782
	-		-		-	413,413
	-		-		-	-
	-		-		-	-
	-		-		-	-
	-		-		-	32,864,529
	-		-		-	-
	-		-		10,733,207	42,220,199
	-		-		-	23,477,593
	-		-		-	-
	-		-		-	400,429
	7,300,450		-		-	8,895,834
	-		-		-	-
\$	7,300,450	\$	-	\$	10,733,207	\$ 149,835,850
\$	(986,892)	\$	1,498,363	\$	123,056	\$ (7,935,617)
\$	-	\$	2,514,925	\$	-	\$ 27,256,812
	(150,000)		(3,930,199)		(56,838)	(24,668,390)
	-		-		-	-
\$	(150,000)	\$	(1,415,274)	\$	(56,838)	\$ 2,588,422
\$	(1,136,892)	\$	83,089	\$	66,218	\$ (5,347,195)
	4,176,376		364,852		1,140,293	47,736,157
\$	3,039,484	\$	447,941	\$	1,206,511	\$ 42,388,962

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Agriculture Reserve Program	Emergency FEMA	Open Space
<b><u>REVENUES</u></b>			
General Property Taxes	\$ 4,476,802	\$ -	\$ -
Other Local Taxes	-	-	4,787,820
From Use of Money and Property	31,230	-	396
Charges for Services	-	-	-
Miscellaneous	-	-	-
Fines and Forfeiture	-	-	-
From Commonwealth	-	-	-
From Federal Government	-	18,625	-
Total Revenues	<u>\$ 4,508,032</u>	<u>\$ 18,625</u>	<u>\$ 4,788,216</u>
<b><u>EXPENDITURES</u></b>			
Current:			
Judicial	\$ -	\$ -	\$ -
Library	-	-	-
Police	-	-	-
Fire	-	-	-
Public Works	-	-	-
Planning	-	-	-
Parks and Recreation	-	-	462,574
Agriculture	2,742,487	-	-
Convention and Visitor Development	-	-	-
Housing and Neighborhood Preservation	-	-	-
Human Services	-	-	-
Development Authority	-	-	-
General Government	-	7,356	2,564,853
Emergency Medical Services	-	-	-
Total Expenditures	<u>\$ 2,742,487</u>	<u>\$ 7,356</u>	<u>\$ 3,027,427</u>
<b><u>EXCESS OF REVENUES OVER</u></b>			
<b><u>(UNDER) EXPENDITURES</u></b>	<u>\$ 1,765,545</u>	<u>\$ 11,269</u>	<u>\$ 1,760,789</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers In	\$ -	\$ -	\$ -
Transfers Out	(181,239)	-	(1,100,000)
Agriculture Reserve Agreement	344,842	-	-
Total Other Financing Sources (Uses)	<u>\$ 163,603</u>	<u>\$ -</u>	<u>\$ (1,100,000)</u>
<b><u>EXCESS OF REVENUE AND</u></b>			
<b><u>OTHER FINANCING SOURCES</u></b>			
<b><u>OVER (UNDER) EXPENDITURES</u></b>			
<b><u>AND OTHER FINANCING USES</u></b>	<u>\$ 1,929,148</u>	<u>\$ 11,269</u>	<u>\$ 660,789</u>
<b><u>FUND BALANCES-JULY 1</u></b>	<u>12,065,051</u>	<u>387,282</u>	<u>498,264</u>
<b><u>FUND BALANCES - JUNE 30</u></b>	<u><u>\$ 13,994,199</u></u>	<u><u>\$ 398,551</u></u>	<u><u>\$ 1,159,053</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Combined Area Dredging Projects		Wetlands Board Mitigation	Grants Consolidated	Totals
\$	380,509	\$ -	\$ -	\$ 38,066,405
	-	-	-	51,123,589
	-	615	-	2,109,994
	-	-	100	18,014,648
	-	26,651	356,718	3,529,676
	-	-	-	465,246
	-	-	3,474,861	21,526,697
	-	-	9,809,818	30,428,123
<u>\$</u>	<u>380,509</u>	<u>\$ 27,266</u>	<u>\$ 13,641,497</u>	<u>\$ 165,264,378</u>
\$	-	\$ -	\$ 349,587	\$ 41,634,658
	-	-	1,639	280,421
	-	-	260,627	674,040
	-	-	2,174,346	2,174,346
	-	-	15,000	15,000
	-	-	1,150	1,150
	-	-	46,461	33,373,564
	-	-	-	2,742,487
	-	-	-	42,220,199
	-	-	1,232,046	24,709,639
	-	-	8,525,395	8,525,395
	-	-	-	400,429
	-	-	14,195	11,482,238
	-	-	563,712	563,712
<u>\$</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 13,184,158</u>	<u>\$ 168,797,278</u>
<u>\$</u>	<u>380,509</u>	<u>\$ 27,266</u>	<u>\$ 457,339</u>	<u>\$ (3,532,900)</u>
\$	-	\$ -	\$ 658,207	\$ 27,915,019
(308,362)	-	-	(944,258)	(27,202,249)
-	-	-	-	344,842
<u>\$</u>	<u>(308,362)</u>	<u>\$ -</u>	<u>\$ (286,051)</u>	<u>\$ 1,057,612</u>
\$	72,147	\$ 27,266	\$ 171,288	\$ (2,475,288)
4,013	229,911	2,603,361	63,524,039	
<u>\$</u>	<u>76,160</u>	<u>\$ 257,177</u>	<u>\$ 2,774,649</u>	<u>\$ 61,048,751</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**LAW LIBRARY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ 4,140	\$ 4,140	\$ 3,499	\$ (641)
Charges for Services	293,000	293,000	265,230	(27,770)
Total Revenues	<u>\$ 297,140</u>	<u>\$ 297,140</u>	<u>\$ 268,729</u>	<u>\$ (28,411)</u>
<b><u>EXPENDITURES</u></b>				
Law Library	<u>\$ 302,140</u>	<u>\$ 304,157</u>	<u>\$ 278,782</u>	<u>\$ 25,375</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ (5,000)</u>	<u>\$ (7,017)</u>	<u>\$ (10,053)</u>	<u>\$ (3,036)</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>\$ (5,000)</u>	<u>\$ (7,017)</u>	<u>\$ (10,053)</u>	<u>\$ (3,036)</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>369,846</u>	<u>369,846</u>	<u>369,846</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u><u>\$ 364,846</u></u>	<u><u>\$ 362,829</u></u>	<u><u>\$ 359,793</u></u>	<u><u>\$ (3,036)</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SANDBRIDGE TAX INCREMENT FINANCING SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<b><u>REVENUES</u></b>				
General Property Taxes	\$ 8,139,025	\$ 8,139,025	\$ 7,756,100	\$ (382,925)
From Use of Money and Property	27,459	27,459	23,342	(4,117)
Total Revenues	<u>\$ 8,166,484</u>	<u>\$ 8,166,484</u>	<u>\$ 7,779,442</u>	<u>\$ (387,042)</u>
<b><u>EXPENDITURES</u></b>				
Sandbridge TIF	<u>\$ 7,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ 1,166,484</u>	<u>\$ 8,166,484</u>	<u>\$ 7,779,442</u>	<u>\$ (387,042)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	<u>\$ (1,369,801)</u>	<u>\$ (8,369,801)</u>	<u>\$ (8,369,801)</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	<u>\$ (203,317)</u>	<u>\$ (203,317)</u>	<u>\$ (590,359)</u>	<u>\$ (387,042)</u>
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>8,120,603</u>	<u>8,120,603</u>	<u>8,120,603</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ 7,917,286</u>	<u>\$ 7,917,286</u>	<u>\$ 7,530,244</u>	<u>\$ (387,042)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**HOUSING AND NEIGHBORHOOD PRESERVATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ -	\$ 18,606	\$ 15,518	\$ (3,088)
Charges for Services	-	(6,275)	450	6,725
Miscellaneous	200,000	88,836	483	(88,353)
From Federal Government	2,603,529	2,703,526	2,836,919	133,393
Total Revenues	<u>\$ 2,803,529</u>	<u>\$ 2,804,693</u>	<u>\$ 2,853,370</u>	<u>\$ 48,677</u>
<b><u>EXPENDITURES</u></b>				
Housing and Neighborhood Preservation	<u>\$ 3,554,380</u>	<u>\$ 3,634,629</u>	<u>\$ 3,716,821</u>	<u>\$ (82,192)</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>\$ (750,851)</u>	<u>\$ (829,936)</u>	<u>\$ (863,451)</u>	<u>\$ (33,515)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 87,709	\$ 1,093,354	\$ 1,093,354	\$ -
Transfers Out	(128,858)	(273,946)	(273,946)	-
Total Other Financing Sources (Uses)	<u>\$ (41,149)</u>	<u>\$ 819,408</u>	<u>\$ 819,408</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>\$ (792,000)</u>	<u>\$ (10,528)</u>	<u>\$ (44,043)</u>	<u>\$ (33,515)</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>6,106,141</u>	<u>6,106,141</u>	<u>6,106,141</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 5,314,141</u>	<u>\$ 6,095,613</u>	<u>\$ 6,062,098</u>	<u>\$ (33,515)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TOWN CENTER SPECIAL SERVICE DISTRICT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
General Property Taxes	\$ 1,548,564	\$ 1,548,564	\$ 1,727,192	\$ 178,628
From Use of Money and Property	1,000	1,000	15,586	14,586
Charges for Services	-	-	22,275	22,275
Miscellaneous	-	-	4,369	4,369
Total Revenues	<u>\$ 1,549,564</u>	<u>\$ 1,549,564</u>	<u>\$ 1,769,422</u>	<u>\$ 219,858</u>
<b><u>EXPENDITURES</u></b>				
Town Center Parking Operations	\$ 1,963,600	\$ 1,963,600	\$ 1,551,046	\$ 412,554
Town Center Operations	61,309	66,145	44,338	21,807
Total Expenditures	<u>\$ 2,024,909</u>	<u>\$ 2,029,745</u>	<u>\$ 1,595,384</u>	<u>\$ 434,361</u>
<b><u>EXCESS OF REVENUES OVER</u></b>				
<b><u>(UNDER) EXPENDITURES</u></b>	<u>\$ (475,345)</u>	<u>\$ (480,181)</u>	<u>\$ 174,038</u>	<u>\$ 654,219</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Transfers Out	(371,199)	(371,199)	(371,199)	-
Total Other Financing Sources (Uses)	<u>\$ (221,199)</u>	<u>\$ (221,199)</u>	<u>\$ (221,199)</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND</u></b>				
<b><u>OTHER FINANCING SOURCES</u></b>				
<b><u>OVER (UNDER) EXPENDITURES</u></b>				
<b><u>AND OTHER FINANCING USES</u></b>	<u>\$ (696,544)</u>	<u>\$ (701,380)</u>	<u>\$ (47,161)</u>	<u>\$ 654,219</u>
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>1,306,264</u>	<u>1,306,264</u>	<u>1,306,264</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ 609,720</u>	<u>\$ 604,884</u>	<u>\$ 1,259,103</u>	<u>\$ 654,219</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**FORFEITED ASSETS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ -	\$ -	\$ 10,096	\$ 10,096
From Commonwealth	-	-	351,851	351,851
From Federal Government	-	237,000	278,803	41,803
Total Revenues	\$ -	\$ 237,000	\$ 640,750	\$ 403,750
<b><u>EXPENDITURES</u></b>				
Commonwealth Attorney	\$ -	\$ 298,245	\$ 54,219	\$ 244,026
Sheriff	-	237,000	-	237,000
Uniform Patrol	-	1,339,043	513,904	825,139
Special Investigative Division	-	25,117	6,202	18,915
Total Expenditures	\$ -	\$ 1,899,405	\$ 574,325	\$ 1,325,080
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	\$ -	\$ (1,662,405)	\$ 66,425	\$ 1,728,830
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	\$ -	\$ (102,291)	\$ (381,983)	\$ (279,692)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	\$ -	\$ (1,764,696)	\$ (315,558)	\$ 1,449,138
<b><u>FUND BALANCE - JULY 1</u></b>	4,036,689	4,036,689	4,036,689	-
<b><u>FUND BALANCE - JUNE 30</u></b>	\$ 4,036,689	\$ 2,271,993	\$ 3,721,131	\$ 1,449,138



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**FEDERAL SECTION EIGHT PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ -	\$ -	\$ 842	\$ 842
Miscellaneous	2,214,374	2,214,374	2,170,127	(44,247)
From Federal Government	17,731,193	17,871,323	17,253,298	(618,025)
Total Revenues	<u>\$ 19,945,567</u>	<u>\$ 20,085,697</u>	<u>\$ 19,424,267</u>	<u>\$ (661,430)</u>
<b><u>EXPENDITURES</u></b>				
Rental Subsidy Program	<u>\$ 20,185,225</u>	<u>\$ 20,335,752</u>	<u>\$ 19,760,772</u>	<u>\$ 574,980</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ (239,658)</u>	<u>\$ (250,055)</u>	<u>\$ (336,505)</u>	<u>\$ (86,450)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	<u>\$ 239,658</u>	<u>\$ 250,050</u>	<u>\$ 250,050</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ (86,455)</u>	<u>\$ (86,450)</u>
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>447,727</u>	<u>447,727</u>	<u>447,727</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ 447,727</u>	<u>\$ 447,722</u>	<u>\$ 361,272</u>	<u>\$ (86,450)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SHERIFF'S DEPARTMENT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ 10,000	\$ 10,000	\$ 11,860	\$ 1,860
Charges for Services	5,078,588	4,523,278	4,714,441	191,163
Miscellaneous	10,000	10,000	6,163	(3,837)
From Commonwealth	18,010,250	18,010,250	17,683,480	(326,770)
From Federal Government	602,250	252,250	230,660	(21,590)
Total Revenues	<u>\$ 23,711,088</u>	<u>\$ 22,805,778</u>	<u>\$ 22,646,604</u>	<u>\$ (159,174)</u>
<b><u>EXPENDITURES</u></b>				
Judicial	<u>\$ 40,256,062</u>	<u>\$ 41,786,946</u>	<u>\$ 41,124,159</u>	<u>\$ 662,787</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ (16,544,974)</u>	<u>\$ (18,981,168)</u>	<u>\$ (18,477,555)</u>	<u>\$ 503,613</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 15,594,525	\$ 18,681,103	\$ 18,681,103	\$ -
Transfers Out	(24,551)	(24,551)	(24,551)	-
Total Other Financing Sources (Uses)	<u>\$ 15,569,974</u>	<u>\$ 18,656,552</u>	<u>\$ 18,656,552</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	<u>\$ (975,000)</u>	<u>\$ (324,616)</u>	<u>\$ 178,997</u>	<u>\$ 503,613</u>
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>324,622</u>	<u>324,622</u>	<u>324,622</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ (650,378)</u>	<u>\$ 6</u>	<u>\$ 503,619</u>	<u>\$ 503,613</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PARKS AND RECREATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
General Property Taxes	\$ 17,280,944	\$ 17,280,944	\$ 17,290,403	\$ 9,459
From Use of Money and Property	1,579,251	1,579,251	1,594,388	15,137
Charges for Services	13,502,570	13,502,570	12,969,112	(533,458)
Miscellaneous	157,200	192,200	119,841	(72,359)
From Commonwealth	27,000	26,279	16,505	(9,774)
Total Revenues	<u>\$ 32,546,965</u>	<u>\$ 32,581,244</u>	<u>\$ 31,990,249</u>	<u>\$ (590,995)</u>
<b><u>EXPENDITURES</u></b>				
Citywide Recreation Programs	\$ 11,548,793	\$ 11,765,536	\$ 10,065,613	\$ 1,699,923
Parks Operations and Services	3,867,846	3,905,815	3,735,290	170,525
Recreation Centers	15,832,584	15,982,651	15,096,749	885,902
Golf Courses	107,138	107,526	106,456	1,070
City Beautification and Recreation	604,818	709,485	576,639	132,846
Debt Service	3,551,043	3,551,043	3,283,782	267,261
Total Expenditures	<u>\$ 35,512,222</u>	<u>\$ 36,022,056</u>	<u>\$ 32,864,529</u>	<u>\$ 3,157,527</u>
<b><u>EXCESS OF REVENUES OVER</u></b>				
<b><u>(UNDER) EXPENDITURES</u></b>	<u>\$ (2,965,257)</u>	<u>\$ (3,440,812)</u>	<u>\$ (874,280)</u>	<u>\$ 2,566,532</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 4,452,351	\$ 4,544,380	\$ 4,544,380	\$ -
Transfers Out	(5,789,947)	(5,803,507)	(5,806,561)	(3,054)
Total Other Financing Sources (Uses)	<u>\$ (1,337,596)</u>	<u>\$ (1,259,127)</u>	<u>\$ (1,262,181)</u>	<u>\$ (3,054)</u>
<b><u>EXCESS OF REVENUES AND</u></b>				
<b><u>OTHER FINANCING SOURCES</u></b>				
<b><u>OVER (UNDER) EXPENDITURES</u></b>				
<b><u>AND OTHER FINANCING USES</u></b>	<u>\$ (4,302,853)</u>	<u>\$ (4,699,939)</u>	<u>\$ (2,136,461)</u>	<u>\$ 2,563,478</u>
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>18,381,806</u>	<u>18,381,806</u>	<u>18,381,806</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ 14,078,953</u>	<u>\$ 13,681,867</u>	<u>\$ 16,245,345</u>	<u>\$ 2,563,478</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TOURISM INVESTMENT PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Other Local Taxes	\$ 33,550,199	\$ 33,550,199	\$ 34,203,653	\$ 653,454
From Use of Money and Property	268,100	268,100	360,693	92,593
Miscellaneous	456,420	456,420	429,195	(27,225)
Fines and Forfeitures	740,000	740,000	465,246	(274,754)
Total Revenues	<u>\$ 35,014,719</u>	<u>\$ 35,014,719</u>	<u>\$ 35,458,787</u>	<u>\$ 444,068</u>
<b><u>EXPENDITURES</u></b>				
Economic Development	\$ 100,000	\$ 100,000	\$ 41,884	\$ 58,116
Direct Costs	2,050,000	2,050,000	2,050,000	-
Mass Transit Operations	759,355	759,355	759,355	-
Special Events	3,216,839	3,339,101	3,149,177	189,924
Cultural Activities	50,500	50,500	50,500	-
Recycling	52,000	52,000	52,000	-
Landscaping	36,838	36,668	37,078	(410)
Maintenance	459,730	486,152	470,642	15,510
Contractual Services	801,751	921,459	753,765	167,694
Debt Service	24,229,882	24,229,882	24,122,591	107,291
Total Expenditures	<u>\$ 31,756,895</u>	<u>\$ 32,025,117</u>	<u>\$ 31,486,992</u>	<u>\$ 538,125</u>
<b><u>EXCESS OF REVENUES OVER</u></b>				
<b><u>(UNDER) EXPENDITURES</u></b>	<u>\$ 3,257,824</u>	<u>\$ 2,989,602</u>	<u>\$ 3,971,795</u>	<u>\$ 982,193</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ -	\$ 23,000	\$ 23,000	\$ -
Transfers Out	(3,656,140)	(5,133,562)	(5,303,312)	(169,750)
Total Other Financing Sources (Uses)	<u>\$ (3,656,140)</u>	<u>\$ (5,110,562)</u>	<u>\$ (5,280,312)</u>	<u>\$ (169,750)</u>
<b><u>EXCESS OF REVENUES AND</u></b>				
<b><u>OTHER FINANCING SOURCES</u></b>				
<b><u>OVER (UNDER) EXPENDITURES</u></b>				
<b><u>AND OTHER FINANCING USES</u></b>	\$ (398,316)	\$ (2,120,960)	\$ (1,308,517)	\$ 812,443
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>2,960,938</u>	<u>2,960,938</u>	<u>2,960,938</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ 2,562,622</u>	<u>\$ 839,978</u>	<u>\$ 1,652,421</u>	<u>\$ 812,443</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**CENTRAL BUSINESS DISTRICT SOUTH TAX INCREMENT FINANCING SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<b><u>REVENUES</u></b>				
General Property Taxes	\$ 5,367,921	\$ 5,367,921	\$ 5,811,208	\$ 443,287
Other Local Taxes	500,000	500,000	500,000	-
From Use of Money and Property	2,000	2,000	2,350	350
Other Local Governments	400,000	400,000	-	(400,000)
Total Revenues	<u>\$ 6,269,921</u>	<u>\$ 6,269,921</u>	<u>\$ 6,313,558</u>	<u>\$ 43,637</u>
<b><u>EXPENDITURES</u></b>				
Debt Service	<u>\$ 7,704,794</u>	<u>\$ 7,704,794</u>	<u>\$ 7,300,450</u>	<u>\$ 404,344</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ (1,434,873)</u>	<u>\$ (1,434,873)</u>	<u>\$ (986,892)</u>	<u>\$ 447,981</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	<u>\$ (1,584,873)</u>	<u>\$ (1,584,873)</u>	<u>\$ (1,136,892)</u>	<u>\$ 447,981</u>
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>4,176,376</u>	<u>4,176,376</u>	<u>4,176,376</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ 2,591,503</u>	<u>\$ 2,591,503</u>	<u>\$ 3,039,484</u>	<u>\$ 447,981</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SANDBRIDGE SPECIAL SERVICE DISTRICT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
General Property Taxes	\$ 628,909	\$ 628,909	\$ 624,191	\$ (4,718)
Lodging Taxes	798,013	798,013	870,419	72,406
From Use of Money and Property	6,899	6,899	3,753	(3,146)
Total Revenues	<u>\$ 1,433,821</u>	<u>\$ 1,433,821</u>	<u>\$ 1,498,363</u>	<u>\$ 64,542</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ 1,433,821</u>	<u>\$ 1,433,821</u>	<u>\$ 1,498,363</u>	<u>\$ 64,542</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In for Lodging Taxes	\$ 2,357,121	\$ 2,357,121	\$ 2,514,925	\$ 157,804
Transfers Out to Coastal CIP Projects	(3,930,199)	(3,930,199)	(3,930,199)	-
Total Other Financing Sources (Uses)	<u>\$ (1,573,078)</u>	<u>\$ (1,573,078)</u>	<u>\$ (1,415,274)</u>	<u>\$ 157,804</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	<u>\$ (139,257)</u>	<u>\$ (139,257)</u>	<u>\$ 83,089</u>	<u>\$ 222,346</u>
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>364,852</u>	<u>364,852</u>	<u>364,852</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ 225,595</u>	<u>\$ 225,595</u>	<u>\$ 447,941</u>	<u>\$ 222,346</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TOURISM ADVERTISING PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Other Local Taxes	\$ 10,640,275	\$ 10,640,275	\$ 10,761,697	\$ 121,422
From Use of Money and Property	45,700	45,700	35,826	(9,874)
Charges for Services	101,198	101,198	43,040	(58,158)
Miscellaneous	27,399	27,399	15,700	(11,699)
Total Revenues	<u>\$ 10,814,572</u>	<u>\$ 10,814,572</u>	<u>\$ 10,856,263</u>	<u>\$ 41,691</u>
<b><u>EXPENDITURES</u></b>				
Visitor Information Center	\$ 1,221,547	\$ 1,218,356	\$ 1,111,223	\$ 107,133
Tourism and Convention Advertising	9,536,187	10,702,236	9,621,984	1,080,252
Total Expenditures	<u>\$ 10,757,734</u>	<u>\$ 11,920,592</u>	<u>\$ 10,733,207</u>	<u>\$ 1,187,385</u>
<b><u>EXCESS OF REVENUES OVER</u></b>				
<b><u>(UNDER) EXPENDITURES</u></b>	<u>\$ 56,838</u>	<u>\$ (1,106,020)</u>	<u>\$ 123,056</u>	<u>\$ 1,229,076</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	<u>\$ (56,838)</u>	<u>\$ (56,838)</u>	<u>\$ (56,838)</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND</u></b>				
<b><u>OTHER FINANCING SOURCES</u></b>				
<b><u>OVER (UNDER) EXPENDITURES</u></b>				
<b><u>AND OTHER FINANCING USES</u></b>	\$ -	\$ (1,162,858)	\$ 66,218	\$ 1,229,076
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>1,140,293</u>	<u>1,140,293</u>	<u>1,140,293</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ 1,140,293</u>	<u>\$ (22,565)</u>	<u>\$ 1,206,511</u>	<u>\$ 1,229,076</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**AGRICULTURE RESERVE PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
General Property Taxes	\$ 4,474,353	\$ 4,474,353	\$ 4,476,802	\$ 2,449
From Use of Money and Property	-	-	31,230	31,230
Total Revenues	<u>\$ 4,474,353</u>	<u>\$ 4,474,353</u>	<u>\$ 4,508,032</u>	<u>\$ 33,679</u>
<b><u>EXPENDITURES</u></b>				
Agriculture Reserve Program	\$ 373,256	\$ 378,256	\$ 503,847	\$ (125,591)
Debt Service	4,101,097	3,613,523	2,238,640	1,374,883
Total Expenditures	<u>\$ 4,474,353</u>	<u>\$ 3,991,779</u>	<u>\$ 2,742,487</u>	<u>\$ 1,249,292</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ -</u>	<u>\$ 482,574</u>	<u>\$ 1,765,545</u>	<u>\$ 1,282,971</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	\$ -	\$ (487,574)	\$ (181,239)	\$ 306,335
Agriculture Reserve Agreement	-	-	344,842	344,842
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (487,574)</u>	<u>\$ 163,603</u>	<u>\$ 651,177</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>\$ 1,929,148</u>	<u>\$ 1,934,148</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>12,065,051</u>	<u>12,065,051</u>	<u>12,065,051</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 12,065,051</u>	<u>\$ 12,060,051</u>	<u>\$ 13,994,199</u>	<u>\$ 1,934,148</u>



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**EMERGENCY FEMA SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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	<u>Actual Amounts</u>
<b><u>REVENUES</u></b>	
From Federal Government	\$ 18,625
<b><u>EXPENDITURES</u></b>	
FEMA Operations	\$ 7,356
<b><u>EXCESS OF REVENUES OVER</u></b>	
<b><u>(UNDER) EXPENDITURES</u></b>	\$ 11,269
<b><u>FUND BALANCE - JULY 1</u></b>	387,282
<b><u>FUND BALANCE - JUNE 30</u></b>	\$ 398,551

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**OPEN SPACE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Other Local Taxes	\$ 4,756,226	\$ 4,756,226	\$ 4,787,820	\$ 31,594
From Use of Money and Property	-	-	396	396
Total Revenues	<u>\$ 4,756,226</u>	<u>\$ 4,756,226</u>	<u>\$ 4,788,216</u>	<u>\$ 31,990</u>
<b><u>EXPENDITURES</u></b>				
Open Space Program	\$ 523,521	\$ 1,228,369	\$ 462,574	\$ 765,795
Debt Service	2,576,042	2,576,042	2,564,853	11,189
Total Expenditures	<u>\$ 3,099,563</u>	<u>\$ 3,804,411</u>	<u>\$ 3,027,427</u>	<u>\$ 776,984</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ 1,656,663</u>	<u>\$ 951,815</u>	<u>\$ 1,760,789</u>	<u>\$ 808,974</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	<u>\$ (1,800,000)</u>	<u>\$ (1,100,000)</u>	<u>\$ (1,100,000)</u>	<u>\$ -</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	<u>\$ (143,337)</u>	<u>\$ (148,185)</u>	<u>\$ 660,789</u>	<u>\$ 808,974</u>
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>498,264</u>	<u>498,264</u>	<u>498,264</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ 354,927</u>	<u>\$ 350,079</u>	<u>\$ 1,159,053</u>	<u>\$ 808,974</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINED AREA DREDGING PROJECTS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<b><u>REVENUES</u></b>				
General Property Taxes	\$ 382,648	\$ 382,648	\$ 380,509	\$ (2,139)
Total Revenues	<u>\$ 382,648</u>	<u>\$ 382,648</u>	<u>\$ 380,509</u>	<u>\$ (2,139)</u>
<b><u>EXPENDITURES</u></b>				
Area Dredging Projects	<u>\$ 72,297</u>	<u>\$ 72,297</u>	<u>\$ -</u>	<u>\$ 72,297</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ 310,351</u>	<u>\$ 310,351</u>	<u>\$ 380,509</u>	<u>\$ 70,158</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	<u>\$ (310,351)</u>	<u>\$ (310,351)</u>	<u>\$ (308,362)</u>	<u>\$ 1,989</u>
Total Other Financing Sources (Uses)	<u>\$ (310,351)</u>	<u>\$ (310,351)</u>	<u>\$ (308,362)</u>	<u>\$ 1,989</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	\$ -	\$ -	\$ 72,147	\$ 72,147
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>4,013</u>	<u>4,013</u>	<u>4,013</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ 4,013</u>	<u>\$ 4,013</u>	<u>\$ 76,160</u>	<u>\$ 72,147</u>

CITY OF VIRGINIA BEACH, VIRGINIA  
WETLANDS BOARD MITIGATION SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Actual Amounts</u>
<b><u>REVENUES</u></b>	
From Use of Money and Property	\$ 615
Miscellaneous	26,651
Total Revenues	<u>\$ 27,266</u>
<b><u>EXPENDITURES</u></b>	
Total Expenditures	<u>\$ -</u>
<b><u>EXCESS OF REVENUES OVER</u></b>	
<b><u>(UNDER) EXPENDITURES</u></b>	<u>\$ 27,266</u>
<b><u>EXCESS OF REVENUES AND</u></b>	
<b><u>OTHER FINANCING SOURCES</u></b>	
<b><u>OVER (UNDER) EXPENDITURES</u></b>	
<b><u>AND OTHER FINANCING USES</u></b>	\$ 27,266
<b><u>FUND BALANCE - JULY 1</u></b>	<u>229,911</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u><u>\$ 257,177</u></u>

# **DEBT SERVICE FUND**



## **DEBT SERVICE FUND**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**CITY OF VIRGINIA BEACH, VIRGINIA  
DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ -	\$ -	\$ 1,836,012	\$ 1,836,012
Federal Reimbursement of Interest	-	-	467,666	467,666
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,303,678</u>	<u>\$ 2,303,678</u>
<b><u>EXPENDITURES</u></b>				
Principal	\$ 31,150,629	\$ 31,150,629	\$ 30,689,947	\$ 460,682
Interest	14,356,596	14,844,170	15,245,683	(401,513)
Total Expenditures	<u>\$ 45,507,225</u>	<u>\$ 45,994,799</u>	<u>\$ 45,935,630</u>	<u>\$ 59,169</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ (45,507,225)</u>	<u>\$ (45,994,799)</u>	<u>\$ (43,631,952)</u>	<u>\$ 2,362,847</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	\$ 45,507,225	\$ 45,994,799	\$ 45,051,469	\$ (943,330)
Proceeds of Refunding Bonds	-	-	81,978,607	81,978,607
Premium on Bonds Sold	-	-	18,579,224	18,579,224
Payment to Refunding Bonds Escrow Agent	-	-	(99,959,176)	(99,959,176)
Total Other Financing Sources (Uses)	<u>\$ 45,507,225</u>	<u>\$ 45,994,799</u>	<u>\$ 45,650,124</u>	<u>\$ (344,675)</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,018,172</u>	<u>\$ 2,018,172</u>
<b><u>FUND BALANCE - JULY 1</u></b>				
	<u>27,007,203</u>	<u>27,007,203</u>	<u>27,007,203</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>				
	<u>\$ 27,007,203</u>	<u>\$ 27,007,203</u>	<u>\$ 29,025,375</u>	<u>\$ 2,018,172</u>



**GENERAL GOVERNMENT**

**CAPITAL PROJECTS**



## **GENERAL GOVERNMENT CAPITAL PROJECTS**

The General Government Capital Projects Fund is used to account for all revenues and expenditures related to the construction of the City's fixed assets and infrastructure. The categories of projects accounted for in this fund are engineering and highways, buildings, parks and recreation, coastal and economic and tourism development.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**ENGINEERING AND HIGHWAYS CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
2003000	CORPORATED LANDING ROADWAY IMPROVEMENTS	\$ 1,625,051	\$ 2,211	\$ 2,211	\$ 2,211	\$ 1,023,625	\$ 599,215
2021000	RURAL ROAD IMPROVEMENTS	8,403,916	663,822	5,448,199	-	181,559	2,774,158
2022000	MAJOR BRIDGE REHAB II	1,404,611	867,568	923,747	923,747	153,056	327,808
2024000	RURAL ROAD IMPROVEMENTS II	400,000	-	-	-	-	400,000
2025000	WITCHDUCK ROAD - PHASE II	52,730,344	7,842,483	10,416,375	10,416,375	6,843,152	35,470,817
2026000	STREET RECONSTRUCTION II	4,300,000	2,191,293	3,158,468	3,158,468	274,959	866,573
2027000	VARIOUS COST PARTICIPATION PROJECTS II	75,000	-	-	-	-	75,000
2028000	WETLANDS MITIGATION BANKING II	200,000	-	-	-	-	200,000
2031000	STREET RECONSTRUCTION	10,669,701	493,017	10,411,501	493,017	185,026	73,174
2033000	PRINCESS ANNE ROAD PHASE VII-A	350,000	6,484	62,491	62,491	33,871	253,638
2038000	ROSEMONT ROAD PHASE V	3,900,000	194,318	195,816	195,816	671,005	3,033,179
2042000	INDIAN RIVER/PROVIDENCE INTER IMPROVE	2,052,200	56,990	122,901	122,901	132,142	1,797,157
2045000	PACIFIC AVENUE IMPROVEMENTS	17,330,000	8,903,201	10,412,281	10,412,281	1,579,486	5,338,233
2046000	CAVALIER DRIVE IMPROVEMENTS	2,449,040	-	1,224,520	1,224,520	-	1,224,520
2047000	UPTON DR EXT/DAM NECK IMPROVEMENTS	350,000	1,423	1,423	1,423	-	348,577
2048000	PRINCESS ANNE RD/KEMPSVILLE RD INTERSECTION	88,671,045	5,815,467	81,205,826	-	2,557,502	4,907,717
2050000	LANDSTOWN RD IMPROVEMENTS	3,757,000	81,849	81,849	81,849	498,945	3,176,206
2072000	FIRST COLONIAL RD/VB BLVD INTERSECTION IMPROVEMENT	23,096,938	93,875	7,328,491	93,875	1,047,548	14,720,899
2078000	SANDBRIDGE ROAD-NIMMO VVI-A	600,000	33,236	33,236	33,236	443,265	123,499
2089000	SOUTHEASTERN PARKWAY AND GREENBELT (PARTIAL)	23,549,335	250	23,200,223	2,750	-	349,112
2107000	SEABOARD ROAD	8,288,267	1,112,477	5,977,380	-	840,439	1,470,448
2117000	SHORE DRIVE CORRIDOR IMPRV-PHASE III	14,701,437	76,889	623,734	623,734	-	14,077,703
2118000	SHORE DRIVE CORRIDOR IMPRV-PHASE IV	750,076	-	398,437	398,437	351,639	-
2121000	NIMMO PARKWAY - PHASE V-A	39,273,886	6,337,081	38,012,990	-	774,980	485,916
2143000	LASKIN ROAD GATEWAY-PHASE I-A	41,076,947	251,816	40,537,733	251,816	487,264	51,950
2145000	WESLEYAN DRIVE	15,620,506	185,680	11,816,312	185,680	123,346	3,680,848
2149000	BIRDNECK ROAD - PHASE II	9,986,710	467	7,948,191	5,045	465,109	1,573,410
2152000	ELBOW ROAD EXTENDED - PHASE II	21,406,565	174,161	4,826,377	4,826,377	261,923	16,318,265
2156000	LASKIN ROAD - PHASE I (VDOT)	5,029,500	3,735	2,238,996	2,238,996	45,059	2,745,445
2157000	LYNNHAVEN PARKWAY - PHASE IX	13,025,922	-	13,000,003	-	1,653	24,266
2158000	HOLLAND ROAD - PHASE VI (PARTIAL)	3,748,984	2,755,426	3,697,099	3,697,099	51,885	-
2160000	CITY WIDE STREET LGHTG IMPRVMNTS-PHASE II	420,000	57,129	390,610	97,397	11,100	18,290
2161000	TRAFFIC SIGNAL RETIMING	4,010,936	-	3,213,552	-	43,999	753,385
2165000	LASKIN ROAD - PHASE II	1,417,017	-	625,137	625,137	-	791,880
2167000	LYNNHAVEN PARKWAY - PHASE XI	6,781,289	155,638	838,221	838,221	62,724	5,880,344
2168000	LESNER BRIDGE REPLACEMENT	112,754,867	22,383,782	36,623,685	36,623,685	69,030,245	7,100,937
2176000	TRANSPORTATION NETWORK ANALYSIS	3,837,000	579,775	1,824,242	579,775	1,139,235	873,523
2178000	HSIP GRANT- BICYCLE/PEDESTRIAN SAFETY	12,638,135	1,032,603	10,405,408	-	149,108	2,083,619
2190000	CONGESTION RELIEF/SAFETY IMPRV PROGRAM	8,779,350	3,017	2,712,532	3,017	6,066,818	-
2195000	PRINCESS ANNE RD-INTERSECTION IMPRVMNTS	24,125,750	2,968,677	7,023,780	3,003,624	5,288,235	11,813,735
2256000	INDIAN RIVER ROAD - PHASE VII	11,308,071	145,662	4,898,094	4,898,094	251,890	6,158,087
2300000	TRAFFIC SAFETY IMPROVEMENTS - PHASE III	14,396,034	3,735,615	7,602,923	1,725,381	2,042,029	4,751,082
2305000	PRINCESS ANNE RD - PH IV (FERRELL - PH II)	11,336,900	922,971	10,897,927	-	327,322	111,651
2401000	GREENWICH RD/CLEVELAND ST CROSSOVER	11,360,750	883,265	3,233,033	3,233,033	630,002	7,497,715
2409000	CENTERVILLE TURNPIKE INTERIM IMPROVEMNTS	17,868,747	501,482	1,364,485	1,364,485	433,795	16,070,467
2410000	TRAFFIC SIGNAL REHAB-PHASE II	350,000	147,735	187,735	187,735	-	162,265
2414000	SHIPPS CORNER ROAD IMPROVEMENTS	1,571,600	142,902	216,252	216,252	63,824	1,291,524
2416000	SANDBRIDGE ROAD BRIDGE REPLACEMENT	700,000	2,171	155,010	155,010	401,827	143,163
2418000	INDIAN RD/KEMPSVILLE RD IMPROVMENT	15,184,000	2,100,648	3,084,897	3,084,897	120,402	11,978,701
2422000	PUNGO TURN LANE	250,000	-	591	591	-	249,409
2502000	WEST NECK ROAD (TAN)	2,693,423	14,882	2,542,763	14,882	2,524	148,136
TOTAL ENGINEERING & HIGHWAYS CAPITAL PROJECTS		\$ 680,606,850	\$ 73,923,173	\$ 381,147,687	\$ 96,103,360	\$ 105,093,517	\$ 194,365,646

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**BUILDINGS CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
3006000	COASTAL GARDEN/OUTDOOR ADVENTURE PARK	543,736	37,782	37,782	37,782	60,790	445,164
3019000	ADAM THOROUGHGOOD HOUSE VISITOR CENTER	2,244,826	148,163	233,110	233,110	125,776	1,885,940
3021000	FIRE AN RESCUE STATION - THALIA	9,289,001	337,834	9,264,351	337,834	295	24,355
3028000	AQUARIUM MARSH PAVILION ENHANCEMENTS	5,703,080	276,726	277,442	277,442	769,639	4,655,999
3037000	THALIA STATE REVITALIZATION CONVERSION	1,095,000	891,989	961,339	961,339	78,647	55,014
3047000	LANDFILL #2 PHASE 1 CAPPING	14,451,878	3,562,786	3,562,786	3,562,786	194,752	10,694,340
3049000	NEW VOTING SYSTEM	1,370,900	1,136,563	1,136,563	1,136,563	191,832	42,505
3052000	CIT-IT SERVICE CONTINUITY	5,275,182	1,621,805	4,708,911	-	385,549	180,722
3056000	PUBLIC SAFETY EQUIPMENT REPLACEMENT	727,500	-	-	-	-	727,500
3057000	SELF-CONTAINED BREATHING APPARATUS REPL	3,815,800	-	-	-	-	3,815,800
3059000	HOUSING OPPORTUNITY LOANS AND GRANTS	425,000	-	-	-	425,000	-
3060000	TCC SITE IMPROVEMENTS II	800,000	-	-	-	-	800,000
3068000	CIT-IT NETWORK INFRSTR REPLCMNT-PH II	1,696,803	1,654,816	1,706,947	1,706,947	37,536	(47,680)
3087000	CIT-HNP-FIELD AUTOMATION ANALYSIS	136,000	24,142	98,448	98,448	8,604	28,948
3093000	CIT-PLANNING-BUS SYS INTEGRATION IMPLM	361,889	-	184,127	184,127	-	177,762
3095000	CIT-POLICE-INTGRD PUB SFTY RCRD MGT SYS	10,401,389	302,961	304,650	304,650	6,337,404	3,759,335
3097000	CIT-AQUAR TICKETING & FINANCIAL SYSTEM	390,000	44,535	228,660	44,535	66,042	95,298
3103000	HERITAGE BUILDING - MAINTENANCE PROGRAM	1,318,850	104,531	581,342	-	129,840	607,668
3119000	CIT-CABLE ACCESS INFRASTRUCTURE REPLACE	2,831,261	33,375	991,325	33,375	-	1,839,936
3133000	FIRE TRAINING CTR IMPROVE-PHASE III	681,782	-	34,066	34,066	-	647,716
3134000	FIRE APPARATUS III	3,478,426	992,835	3,289,514	-	67,634	121,278
3136000	VAR BLDGS HVAC REHAB & RENEWAL PH III	5,209,331	1,924,231	3,792,637	-	215,288	1,201,406
3137000	VARIOUS BLDGS REHAB & RENEWAL PH III	5,102,744	1,419,055	3,057,316	-	812,825	1,232,603
3139000	VARIOUS SITE ACQUISITIONS PHASE II	6,567,024	874,739	4,539,243	-	533,849	1,493,932
3140000	ENERGY PERFORMANCE CONTRACTS (CITY)	4,583,915	204,034	3,131,554	-	347,957	1,104,404
3142000	CIT-COMMUNICATIONS INFRA REPLACE-PHII	28,118,200	12,236,171	18,294,674	-	7,649,867	2,173,659
3146000	VA AQUARIUM BLDG SYS REHAB & RENEW-PH I	9,293,450	2,192,474	6,658,607	6,658,607	245,562	2,389,281
3147000	HISTORIC PROP ACQUISITION REVOLVING FUND	200,000	103,039	197,207	197,207	-	2,793
3175000	VIRGINIA BEACH LIFE LONG LEARNING CENTER	6,567,865	30,716	6,496,076	30,716	793	70,996
3200000	REV ASSESSMENT & COLLECTION SYS	11,924,799	276,615	10,063,137	276,615	1,301,042	560,620
3201000	COMMONWEALTH'S ATTY BUILD-OUT OF JUD CTR	544,189	289,198	345,879	345,879	23,310	175,000
3217000	CIT - MH CLIENT INFORMATION SYSTEM	2,900,000	68,037	2,396,995	95,519	503,005	-
3248000	FIRE/RESCUE STATION-BLACKWATER	5,123,707	3,045,679	4,361,112	4,361,112	206,718	555,877
3262000	TIDEWATER COMMUNITY COLLEGE EXPANSION	20,211,340	-	19,837,738	-	-	373,602
3278000	VA AQUARIUM RENEWAL & REPLACEMENT-PH II	1,775,000	82,843	1,288,520	-	50,473	436,007
3292000	VA AQUARIUM ANIMAL CARE ANNEX	2,200,000	14,776	1,752,425	1,752,425	387,628	59,947
3301000	FERRY PLANTATION HOUSE - PHASE II	106,577	6,263	12,860	12,860	13,211	80,506
3344000	POLICE FOURTH PRECINCT-REPLACEMENT	876,885	-	749	749	684,934	191,202
3367000	VAR BLDGS REHAB AND RENEWAL PH II	14,755,685	780,561	13,834,566	-	113,087	808,032
3503000	LIGHTHOUSE MULTI-SERVICE CENTER	4,694,339	650,300	2,716,888	2,716,888	1,661,019	316,432
3505000	BLDG MODERNIZATION/RENEWAL/REPLACE-PH II	100,000	15,570	29,111	29,111	-	70,889
3506000	FIRE FACILITY REHAB & RENEWAL PH III	2,545,852	730,908	1,987,393	1,987,393	179,513	378,946
3508000	ARC FLASH MITIGATION	1,280,000	59,089	824,519	-	65,204	390,277
3510000	INTRMEDIATE CARE FACILITIES REN/REP PH I	1,060,518	-	67,276	67,276	-	993,242
3518000	CONVENTION CTR CAPITAL MAINTENANCE	343,563	18,390	18,390	18,390	2,400	322,773
3519000	CHESAPEAKE BAY AQUARIUM RENOVATION	1,500,000	38,391	38,391	38,391	142,127	1,319,482
3606000	CIT-FIRE STATION ALERTING	3,018,366	2,009,069	2,042,628	2,042,628	54,534	921,204
3607000	CIT-DATA STORAGE/MGMT EVIDENTIARY FILES	1,318,060	102,818	735,898	735,898	96,198	485,964
3608000	CIT-DISASTER RECOVERY DATA CENTER POWER	592,078	393,397	426,031	426,031	83,021	83,026
3610000	CIT-OCEANFRONT CAMERAS	2,665,400	336,462	336,462	336,462	333,700	1,995,238
3614000	FIRE RADIO REPLACE/IN-MASK COMM	884,462	56,794	56,794	56,794	46,935	780,733
3615000	CIT-BUS REV/PERS PROP RACS IMPLEMENTATION	3,852,000	440,571	861,935	861,935	1,229,772	1,760,293
3618000	CIT- DISASTER RECOVERY PHASE II	500,000	18,930	498,722	-	-	1,278
3619000	CIT-ALI DATABASE MGMT/SELECTIVE ROUTING	2,007,876	34,398	82,302	82,302	52,418	1,873,156
3622000	CIT-LIBRARY AUTOMATED MATERIAL HANDLING	1,931,818	214,664	1,745,690	214,664	89,881	96,247
3623000	CIT- EGIS MASTER ADDRESS REPOSITORY	329,408	124,367	125,827	125,827	47,833	155,748
3631000	CIT-SOC SRVCS INTERFACE SYS REPLACEMENT	538,756	-	455,654	-	83,102	-
3632000	PLANNING BUSINESS SYSTEM INTEGRATION	1,344,413	578,095	631,520	631,520	324,108	388,785
3637000	CIT-DISASTER RECOVERY CRITICAL SVC ANAL III	436,150	42,458	435,348	-	-	802
3638000	CIT-APPLICATION PORTFOLIO SUSTAINMENT	700,000	29,698	29,698	29,698	145,763	524,539
3646000	CIT-EGIS BASE MAP UPDATE	624,079	322,350	435,143	322,350	-	188,936
3648000	BIWEEKLY & LAG PAYROLL IMPLEMENTATIONS	728,410	154,095	154,095	-	42,530	531,785
3652000	CIT-TELECOMMUNICATIONS REPLACEMENT PH II	1,954,494	735,278	735,278	735,278	33,549	1,185,667
3657000	DISASTER RECOV IV-ELECT BACKUP/BLDG ACCESS	810,000	50,372	50,372	50,372	4,508	755,120
3662000	CIT-ENTERPRISE BUSINESS APP	789,040	319,583	671,406	-	31,559	86,075
3664000	CIT-METROPOLITAN AREA NETWORK	4,147,484	353,939	353,939	353,939	316,062	3,477,483
TOTAL BUILDINGS CAPITAL PROJECTS		\$ 233,795,580	\$ 42,549,260	\$ 144,209,368	\$ 34,547,840	\$ 27,034,625	\$ 62,551,587

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PARKS AND RECREATION CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
4025000	WOODSTOCK COVE SHORELINE RE-CONSTRUCT	\$ 742,623	\$ 72,734	\$ 82,870	\$ 82,870	\$ 6,991	\$ 652,762
4064000	CITY BIKEWAYS & TRAILS PLAN IMPL PH II	2,225,812	694,879	991,069	991,069	57,983	1,176,760
4079000	THALIA CREEK GREENWAY I	125,000	-	-	-	-	125,000
4080000	SPORTSPLEX/NATL TRNG CTR REN & REPLACE	2,639,208	771,794	2,168,679	771,794	27,095	443,434
4300000	COM REC CTRS REPAIRS & RENOV-PHIII	8,187,768	1,285,973	2,448,095	-	309,888	5,429,785
4301000	PRKS/SPEC USE FACILIT DEV/RENOV-PHIII	4,739,467	1,227,096	3,617,320	3,617,320	300,939	821,208
4302000	GOLF COURSES CONTTUAL OBLIGATIONS-MAINT	480,000	42,283	106,043	-	-	373,957
4303000	GREENWAY SCENIC WATER & NAT AREA PH III	495,000	15,192	151,445	151,445	14,763	328,792
4305000	TENNIS COURT RENOVATIONS - PHASE III	675,000	101,310	545,100	545,100	78,222	51,678
4306000	OPEN SPACE PARK DEVELOPMENT/MAINT-PHII	7,716,021	2,042,239	4,091,680	4,091,680	317,169	3,307,172
4307000	ATHLETIC FIELDS LIGHTING/RENOV-PH III	952,277	221,910	696,442	696,442	-	255,835
4308000	OPEN SPACE PROG SITE ACQUISITION PH III	6,399,630	199,201	2,600,466	2,600,466	-	3,799,164
4309000	MT TRASHMORE DISTRICT PARK RENOV-PH II	1,500,000	34,151	1,133,399	1,133,399	16,215	350,386
4500000	PARK PLAYGROUND RENOVATIONS-PHASE III	1,588,217	321,459	1,223,341	1,223,341	231,245	133,631
4502000	LYNNHAVEN BOAT RAMP/BEACH FAC REP/RENOV	402,359	-	74,985	74,985	-	327,374
4503000	P&R ADMINISTRATION OFFICES RELOCATION	1,751,074	659,988	836,510	836,510	619,209	295,355
4505000	MODERNIZATION-BOW CREEK RECREATION CNTR	27,398,612	10,309,626	25,284,761	-	214,181	1,899,670
4506000	PARKS INFRASTRUCTURE RENEWAL/REPLACEMENT	3,650,000	1,677,299	2,689,636	2,689,636	288,719	671,645
4507000	PRKS FACILITIES LIFE CYCLE MAINT-ONGOING	250,000	58,226	125,016	-	2,425	122,559
4509000	KEMPSVILLE RECREATION CENTER	32,258,051	1,681,142	2,632,625	2,632,625	24,466,477	5,158,949
4517000	STUMPY LAKE GOLF COURSE LEASE OBLIGATIONS PH I	150,265	-	-	-	-	150,265
4519000	BIKEWAYS/TRAILS REPAIRS/RENOVATIONS I	280,000	117,304	117,304	-	3,038	159,658
4520000	GROMMET ISLAND PARK REPAIRS & RENOV-PHI	144,000	21,829	21,829	21,829	-	122,171
4521000	TRANSPORTATION ALT TO BACK BAY NATIONAL WILDLIFE	449,000	280,735	302,333	-	139,602	7,065
4522000	THALIA CREEK GREENWAY TRAIL	800,000	54,963	100,845	100,845	42,823	656,332
TOTAL PARKS & RECREATION CAPITAL PROJECTS		<u>\$ 105,999,384</u>	<u>\$ 21,891,333</u>	<u>\$ 52,041,793</u>	<u>\$ 22,261,356</u>	<u>\$ 27,136,984</u>	<u>\$ 26,820,607</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
COASTAL CAPITAL PROJECTS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>Project Number</b>	<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
8002000	BEACH PROFILE MONITORING PROGRAM	\$ 475,487	\$ 87,697	\$ 398,544	\$ -	\$ 14,752	\$ 62,191
8003000	LANDFILL #2 PHASE I CAPPING	-	(2,221,897)	-	-	-	-
8004000	VARIOUS MINOR DREDGING PROJECTS	1,810,931	10,491	1,807,021	-	3,910	-
8005000	W BRANCH LYNNHAVEN RIVER MAINT DREDGING	6,076,726	1,080,900	3,938,934	-	2,125,788	12,004
8008000	BEACH REPLENISHMENT	11,023,125	86,623	10,961,284	-	18,213	43,628
8010000	SANDBRIDGE BEACH RESTORATION II	10,000,000	-	-	-	-	10,000,000
8011000	VARIOUS MINOR DREDGING II	525,000	286,931	482,366	-	-	42,634
8013000	LYNNHAVEN MAINTENANCE DREDGING II	400,000	-	-	-	-	400,000
8014000	LYNNHAVEN INLET MAINTENANCE DREDGING	2,524,913	345,400	2,493,107	-	-	31,806
8016000	GILLS COVE NEIGHBORHOOD DREDGING	24,000	23,995	23,995	-	-	5
8019000	EAST BRANCH LYNNHAVEN RIVER DREDGING	-	-	-	-	-	-
8023000	SANDBRIDGE BEACH ACCESS IMPRV/SAND MGMT	1,275,000	9,735	1,260,000	-	15,000	-
8110000	EASTERN BRANCH LYNNHAVEN RIVER DREDGING	3,811,875	11,903	11,903	-	32,034	3,767,938
8282000	SANDBRIDGE EMERGENCY BEACH RESTORATION	53,983,152	207,978	38,249,430	-	102,104	15,631,618
8405000	SANDBRIDGE BEACH ACCESS IMPROV PH II	875,000	339,111	696,628	-	143,325	35,047
8406000	RUDEE INLET FEDERAL DREDGING PH II	1,260,000	18,805	928,805	-	-	331,195
8407000	RUDEE INLET OUTER CHAN MAINT DREDG PH II	1,550,000	16,399	966,399	-	2,823	580,778
8408000	PLEASURE HOUSE POINT MITIGATION	220,000	85,212	143,469	-	1,240	75,291
8409000	CHESAPEAKE BAY BEACHES	1,000,000	24,520	62,080	-	129,994	807,926
8500000	OLD DONATION CREEK AREA DREDGING	1,015,000	1,900	157,341	-	773,288	84,371
8501000	BAYVILLE CREEK NEIGHBORHOOD DREDGING	1,000,300	71,134	162,176	-	729,918	108,206
8502000	SHADOWLAWN AREA DREDGING	135,000	15,643	54,659	-	13,889	66,452
8503000	CHESPELAIN COLONY NEIGHBORHOOD DREDGING	380,208	27,481	136,860	-	12,285	231,063
8504000	HARBOUR POINT NEIGHBORHOOD DREDGING	111,000	21,553	35,103	-	14,300	61,597
8505000	HURDS COVE NEIGHBORHOOD DREDGING	600,000	10,597	10,597	-	132,275	457,128
8933000	LANDFILL #2 - EXPANSION	23,548,931	18,345	23,402,163	18,345	66,964	79,804
TOTAL COASTAL CAPITAL PROJECTS		<u>\$ 123,625,648</u>	<u>\$ 580,456</u>	<u>\$ 86,382,864</u>	<u>\$ 18,345</u>	<u>\$ 4,332,102</u>	<u>\$ 32,910,682</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**ECONOMIC AND TOURISM CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Project Number</b>	<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
9006000	WINSTON-SALEM AVE IMPROVEMENTS	3,018,764	220,318	322,064	322,064	439,925	2,256,775
9007000	RESORT PUBLIC TRANSIT RELOCATION	250,000	156,612	156,612	156,612	14,759	78,629
9008000	HISTORIC KEMPSVILLE	2,500,000	298,190	298,190	298,190	-	2,201,810
9009000	25TH STREET PUBLIC PARKING GARAGE	7,650,000	7,650,000	7,650,000	-	-	-
9011000	TRANSIT CORRIDOR DEVELOPMENT	1,000,000	139,447	139,447	-	495,429	365,124
9014000	ATLANTIC AVENUE TROLLEY PURCHASE	2,777,422	1,126,455	1,126,455	-	1,650,967	-
9058000	RUDEE WALK (PARTIAL) - PHASE I	1,477,551	559,678	1,255,001	559,678	221,743	807
9060000	OCEANA/INTERFAC TRAF AREA CONFORM & ACQ	136,728,210	17,650,749	131,423,605	-	3,234,710	2,069,895
9069000	19TH STREET CORRIDOR IMPROVEMENTS	12,700,000	723,467	11,047,936	-	1,469,503	182,561
9076000	ECONOMIC DEVELOPMENT INITIATIVES	100,000	-	53,800	-	-	46,200
9081000	STRATEGIC GROWTH AREA PROGRAM	17,663,786	1,591,734	7,652,676	-	9,879,144	131,966
9082000	OCEANFRONT GARAGES CAPITAL MAINTENANCE	4,031,671	338,502	2,426,652	-	1,396,215	208,804
9083000	TOWN CENTER GARAGE & PLAZA CAPITAL MAINT	2,310,001	221,998	615,973	-	835,874	858,154
9085000	SGA-BURTON STATION RD IMPROVEMENTS-PH II	3,250,000	2,385	135,094	135,094	107,654	3,007,252
9091000	SGA-BURTON STATION RD IMPROVEMENTS-PH III	8,500,000	-	562,900	562,900	371,952	7,565,148
9096000	OCEANFRONT CAPITAL PROJECTS REINVEST	1,155,877	463,359	507,440	507,440	550,740	97,697
9108000	29TH STREET IMPROVEMENTS	3,200,000	60,277	103,072	103,072	269,628	2,827,300
9141000	ECONOMIC DEVELOPMENT INVESTMENT PROGRAM (ON-GOING)	47,685,195	2,990,437	42,859,384	-	1,257,997	3,567,814
9276000	CAPE HENRY LIGHTHOUSE RESTORATION-PHII	602,476	36,247	144,970	144,970	29,141	428,365
9500000	VB AMPHITHEATER CAPITAL MAINTENANCE	900,000	279,775	799,965	-	-	100,035
9506000	ROSEMONT SGA	415,000	-	-	-	-	415,000
TOTAL ECONOMIC & TOURISM CAPITAL PROJECTS		<u>\$ 257,915,953</u>	<u>\$ 34,509,630</u>	<u>\$ 209,281,236</u>	<u>\$ 2,790,020</u>	<u>\$ 22,225,381</u>	<u>\$ 26,409,336</u>



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 108,492,225	\$ 74,448,140	\$ 14,894,928	\$ 89,343,068
STATE FUNDING	233,564,892	79,168,457	29,866,928	109,035,385
LOCAL FUNDING	1,059,886,298	799,103,657	174,897,167	974,000,824
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES	<u>\$ 1,401,943,415</u>	<u>\$ 952,720,254</u>	<u>\$ 219,659,023</u>	<u>\$ 1,172,379,277</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
ENGINEERING AND HIGHWAYS	\$ 680,606,850	\$ 73,923,173	\$ 381,147,687	\$ 96,103,360	\$ 105,093,517	\$ 194,365,646
BUILDINGS	233,795,580	42,549,260	144,209,368	34,547,840	27,034,625	62,551,587
PARKS AND RECREATION	105,999,384	21,891,333	52,041,793	22,261,356	27,136,984	26,820,607
COASTAL	123,625,648	580,456	86,382,864	18,345	4,332,102	32,910,682
ECONOMIC AND TOURISM	257,915,953	34,509,630	209,281,236	2,790,020	22,225,381	26,409,336
GENERAL GOVERNMENT EXPENDITURES	<u>\$ 1,401,943,415</u>	173,453,852	<u>\$ 873,062,948</u>	155,720,921	<u>\$ 185,822,609</u>	<u>\$ 343,057,858</u>
CLOSED CAPITAL PROJECTS EXPENDITURES		<u>1,758,523</u>				
TOTAL GENERAL GOVERNMENT EXPENDITURES		175,212,375				
TRANSFER TO SCHOOL BOARD		<u>24,389,245</u>				
DEVELOPMENT AUTHORITY				<u>279,139</u>		
TOTAL CURRENT YEAR CAPITAL PROJECTS EXPENDITURES AND OTHER FINANCING USES		<u>\$ 199,601,620</u>		<u>\$ 156,000,060</u>		
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES			\$ 1,172,379,277			
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES			(873,062,948)			
GENERAL GOVERNMENT CAPITAL PROJECT FUND BALANCE			<u>\$ 299,316,329</u>			

**WATER AND SEWER  
ENTERPRISE FUND**



## **WATER AND SEWER ENTERPRISE FUND**

The Water and Sewer Enterprise Fund operates the water distribution and sanitary sewer collection systems. The mission of this fund is to provide public water, including water for fire protection, and public sanitary sewer service to the urban areas of Virginia Beach.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

**ASSETS**

## Current Assets:

Cash and Investments	\$ 116,299,082
Accounts Receivable - Net of Estimated Uncollectibles	18,993,647
Intergovernmental Receivables	12,272
Inventory	2,240,839
Total Current Assets	<u>\$ 137,545,840</u>

## Non-current Assets:

Cash and Investments - Restricted	\$ 50,140,604
Capital Assets:	
Land	12,870,320
Buildings	4,232,809
Utility System	1,037,365,461
Machinery and Equipment	28,744,421
Construction in Progress	17,607,600
Less: Accumulated Depreciation	(435,960,163)
Total Capital Assets	<u>\$ 664,860,448</u>
Total Non-current Assets	<u>\$ 715,001,052</u>
Total Assets	<u>\$ 852,546,892</u>

**DEFERRED OUTFLOWS OF RESOURCES**

FY15 VRS Employer Contributions	<u>\$ 3,066,273</u>
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**LIABILITIES**

## Current Liabilities:

Vouchers and Accounts Payable	\$ 3,434,231
Deposits Payable	140,585
Accrued Interest Payable	2,882,376
Construction Contracts Payable	4,370,678
Unearned Revenue	494,745
Current Portion of Long-term Liabilities	11,549,897
Total Current Liabilities	<u>\$ 22,872,512</u>

## Long-Term Liabilities (less current portion):

Double Barrel and Revenue Bonds and Notes	\$ 183,553,710
Premium on Refunding Bonds	5,266,501
Accrued Compensated Leave	984,129
Net Pension Liability	20,932,814
Total Long-Term Liabilities (less current portion)	<u>\$ 210,737,154</u>
Total Liabilities	<u>\$ 233,609,666</u>

**DEFERRED INFLOWS OF RESOURCES**

Net difference between Projected and Actual Earnings on Plan Investments	<u>\$ 5,435,093</u>
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**NET POSITION**

Net Investment in Capital Assets	\$ 466,264,328
Restricted for Capital Projects	19,813,271
Restricted for Debt Service	17,005,845
Restricted for Operations	113,484,962
Total Net Position	<u>\$ 616,568,406</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**OPERATING REVENUES**

Service Charges	\$ 74,517,975
Sale of Water	45,308,675
Tap Fees	570,464
Fire Hydrant Rental	9,300
Navy Wheelage Charges	159,269
Interfund Services Provided	1,169,467
Miscellaneous	447,765
Total Operating Revenues	<u>\$ 122,182,915</u>

**OPERATING EXPENSES**

Cost of Goods Sold - Water Purchases	\$ 23,770,632
Personal Services	21,294,058
Fringe Benefits	6,766,991
Contractual Services	5,361,904
Internal Services	3,585,887
Other Charges	16,872,349
CIP Annual Expenditures	492,754
Depreciation	25,545,375
Total Operating Expenses	<u>\$ 103,689,950</u>

<b><u>OPERATING INCOME (LOSS)</u></b>	<u>\$ 18,492,965</u>
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**NONOPERATING REVENUES (EXPENSES)**

Interest Income	\$ 493,280
Gain (Loss) From Sale of Assets	74,247
From Commonwealth	45,214
Interest on Double Barrel/Revenue Bonds and Notes	(5,944,859)
Total Nonoperating Revenues (Expenses)	<u>\$ (5,332,118)</u>

<b><u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u></b>	<u>\$ 13,160,847</u>
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Capital Contributions	6,709,065
Transfers In	<u>125,000</u>

<b><u>CHANGE IN NET POSITION</u></b>	<u>\$ 19,994,912</u>
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<b><u>TOTAL NET POSITION - BEGINNING - RESTATED</u></b>	<u>596,573,494</u>
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<b><u>TOTAL NET POSITION - ENDING</u></b>	<u><u>\$ 616,568,406</u></u>
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**CITY OF VIRGINIA BEACH, VIRGINIA  
WATER AND SEWER ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from Customers and Users	\$ 119,756,954
Receipts from (Payments for) Interfund Services Provided	4,484,324
Other Operating Cash Receipts	447,765
Cash Payments To Suppliers of Goods and Services	(50,488,692)
Cash Payments To Employees for Services	(29,315,904)
Net Cash Provided (Used) By Operating Activities	<u>\$ 44,884,447</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Intergovernmental Receipts	<u>\$ 45,214</u>
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Interest Paid on Long-term Debt	\$ (9,035,846)
Acquisition and Construction of Capital Assets	(34,772,399)
Proceeds from Sale of Salvage	74,247
Receipts of Connection Fees	4,330,969
Federal Government Bond Subsidy	943,947
Principal Paid on Long-term Debt	(9,083,131)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (47,542,213)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest and Dividends Received	<u>\$ 493,280</u>
Net Increase (Decrease) in Cash and Temporary Investments	(2,119,272)
Cash and Temporary Investments, July 1	<u>168,558,958</u>
Cash and Temporary Investments, June 30	<u><u>\$ 166,439,686</u></u>

**RECONCILIATION OF OPERATING INCOME (LOSS)****TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income (Loss)	\$ 18,492,965
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:	
Depreciation	25,545,375
(Increase) Decrease in Accounts Receivable	(808,729)
(Increase) Decrease in Intergovernmental Receivables	3,314,857
(Increase) Decrease in Inventory	(101,138)
Increase (Decrease) in Vouchers and Accounts Payable	(491,539)
Increase (Decrease) in Deposits Payable	(344)
Increase (Decrease) in Unearned Revenue	187,855
Increase (Decrease) in Accrued Compensated Leave	(2,893)
Increase (Decrease) in Net Pension Liability	(1,251,962)
Total Adjustments	<u>\$ 26,391,482</u>
Net Cash Provided By Operating Activities	<u><u>\$ 44,884,447</u></u>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:**

Capital Contributions of Fixed Assets	<u><u>\$ 1,264,594</u></u>
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**CITY OF VIRGINIA BEACH, VIRGINIA  
WATER AND SEWER ENTERPRISE FUND  
SCHEDULE OF CHANGES IN RESTRICTED ASSETS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CASH - DESIGNATED FOR CONSTRUCTION**

Balance - July 1	\$ 44,122,624
Receipts:	
Water and Sewer Enterprise	13,784,480
Transfer from General Fund	125,000
Transfer from WRRF	3,119,636
Federal Emergency Management Agency	169,555
VA Department of Emergency Management	45,214
Private Contributions	120,001
Total Receipts	<u>17,363,886</u>
Disbursements:	
Water and Sewer Construction Expenditures	34,115,165
Accrued Expenditures Not Paid in Current Year	2,727,627
Total Disbursements	<u>36,842,792</u>
Balance - June 30 Designated for Construction	<u><u>\$ 24,643,718</u></u>

**CASH - WATER RESOURCE RECOVERY FEES**

Balance - July 1	\$ -
Receipts:	
Fees	3,119,636
Disbursements:	
Construction Expenditures	3,119,636
Balance - June 30 Water Resource Recovery Fees	<u><u>\$ -</u></u>

**CASH - WATER AND SEWER DEBT SERVICE RESERVE**

Balance - July 1	\$ 17,081,509
Net Disbursements and Receipts	(75,664)
Balance - June 30 Water and Sewer Debt Service	<u><u>\$ 17,005,845</u></u>

**CASH - WITH FISCAL AGENT**

Balance - July 1	\$ 8,309,140
Net Disbursements and Receipts	181,901
Balance - June 30 Cash With Fiscal Agent	<u><u>\$ 8,491,041</u></u>

<b><u>TOTAL RESTRICTED CASH</u></b>	<u><u>\$ 50,140,604</u></u>
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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget	Actual	Variance Positive (Negative)
<b><u>Director of Public Utilities</u></b>			
Personal Services	\$ 282,428	\$ 289,254	\$ (6,826)
Fringe Benefits	115,677	94,994	20,683
Contractual Services	47,393	2,888	44,505
Internal Services	23,820	22,860	960
Other Charges	44,762	32,017	12,745
Total Director of Public Utilities	<u>\$ 514,080</u>	<u>\$ 442,013</u>	<u>\$ 72,067</u>
<b><u>Engineering Staff</u></b>			
Personal Services	\$ 6,087,456	\$ 5,705,646	\$ 381,810
Fringe Benefits	2,125,103	1,888,463	236,640
Contractual Services	715,529	402,504	313,025
Internal Services	285,848	247,998	37,850
Other Charges	354,104	259,406	94,698
Total Engineering Staff	<u>\$ 9,568,040</u>	<u>\$ 8,504,017</u>	<u>\$ 1,064,023</u>
<b><u>Operations and Maintenance Administration</u></b>			
Personal Services	\$ 2,136,046	\$ 1,994,982	\$ 141,064
Fringe Benefits	777,657	737,744	39,913
Contractual Services	1,991,707	1,233,672	758,035
Internal Services	200,873	155,366	45,507
Other Charges	584,640	580,210	4,430
Total Operations and Maintenance Administration	<u>\$ 5,690,923</u>	<u>\$ 4,701,974</u>	<u>\$ 988,949</u>
<b><u>Water Distribution</u></b>			
Personal Services	\$ 2,613,920	\$ 2,498,468	\$ 115,452
Fringe Benefits	883,169	905,392	(22,223)
Contractual Services	147,945	159,394	(11,449)
Internal Services	627,935	574,753	53,182
Other Charges	853,370	920,032	(66,662)
Total Water Distribution	<u>\$ 5,126,339</u>	<u>\$ 5,058,039</u>	<u>\$ 68,300</u>
<b><u>Lake Gaston Facilities</u></b>			
Contractual Services	\$ 1,973,369	\$ 1,159,715	\$ 813,654
Internal Services	82,085	12,381	69,704
Other Charges	1,465,261	549,601	915,660
Total Lake Gaston Facilities	<u>\$ 3,520,715</u>	<u>\$ 1,721,697</u>	<u>\$ 1,799,018</u>
<b><u>Sewer Collection Systems</u></b>			
Personal Services	\$ 3,347,371	\$ 3,191,807	\$ 155,564
Fringe Benefits	1,013,578	1,068,052	(54,474)
Contractual Services	255,398	209,637	45,761
Internal Services	1,600,450	1,444,536	155,914
Other Charges	736,753	644,204	92,549
Total Sewer Collection Systems	<u>\$ 6,953,550</u>	<u>\$ 6,558,236</u>	<u>\$ 395,314</u>
<b><u>Sewer Pump Stations</u></b>			
Personal Services	\$ 2,462,296	\$ 2,358,645	\$ 103,651
Fringe Benefits	872,527	899,322	(26,795)
Contractual Services	293,710	331,278	(37,568)
Internal Services	557,082	513,964	43,118
Other Charges	2,775,675	2,037,792	737,883
Total Sewer Pump Stations	<u>\$ 6,961,290</u>	<u>\$ 6,141,001</u>	<u>\$ 820,289</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget	Actual	Variance Positive (Negative)
<b><u>Customer Services</u></b>			
Personal Services	\$ 2,831,698	\$ 2,745,107	\$ 86,591
Fringe Benefits	1,057,487	1,075,337	(17,850)
Contractual Services	2,418,161	1,787,238	630,923
Internal Services	392,308	233,939	158,369
Other Charges	999,722	646,575	353,147
Total Customer Services	<u>\$ 7,699,376</u>	<u>\$ 6,488,196</u>	<u>\$ 1,211,180</u>
<b><u>Water Purchases</u></b>	<u>\$ 25,041,000</u>	<u>\$ 23,770,632</u>	<u>\$ 1,270,368</u>
<b><u>Meter Operations</u></b>			
Personal Services	\$ 1,738,161	\$ 1,711,311	\$ 26,850
Fringe Benefits	626,040	658,943	(32,903)
Contractual Services	53,000	16,589	36,411
Internal Services	326,101	299,869	26,232
Other Charges	1,134,931	988,258	146,673
Total Meter Operations	<u>\$ 3,878,233</u>	<u>\$ 3,674,970</u>	<u>\$ 203,263</u>
<b><u>Electrical Support</u></b>			
Personal Services	\$ 889,151	\$ 798,838	\$ 90,313
Fringe Benefits	314,165	284,266	29,899
Contractual Services	46,500	58,989	(12,489)
Internal Services	100,181	80,221	19,960
Other Charges	40,000	352,472	(312,472)
Total Meter Operations	<u>\$ 1,389,997</u>	<u>\$ 1,574,786</u>	<u>\$ (184,789)</u>
<b><u>General Fund Charges</u></b>			
Office Rental	\$ 396,678	\$ 396,678	\$ -
Landscape Services	442,767	415,955	26,812
Support Personnel	591,324	497,025	94,299
Building Maintenance	182,636	182,636	-
Communication Technology Charges	1,932,766	1,932,766	-
Indirect Cost Allocation	2,350,500	2,064,147	286,353
Right of Way Utility	4,000,000	4,000,000	-
Water Assistance	250,000	231,179	18,821
Radio Maintenance	141,396	141,396	-
Total General Fund Charges	<u>\$ 10,288,067</u>	<u>\$ 9,861,782</u>	<u>\$ 426,285</u>
<b><u>Other Charges</u></b>			
Retiree Health Insurance	\$ 460,000	\$ 406,440	\$ 53,560
CIP Annual Expenditures	-	492,754	(492,754)
FY15 VRS Employer Contributions	-	(1,251,962)	1,251,962
Total Other Charges	<u>\$ 460,000</u>	<u>\$ (352,768)</u>	<u>\$ 812,768</u>
Total Budgeted Operating Expenses	<u>\$ 87,091,610</u>	<u>\$ 78,144,575</u>	<u>\$ 8,947,035</u>

Note: Total General Fund Charges reclassified as Other Charges. Budget does not include Reserves.

Depreciation is not included in the Budgeted Operating Expenses. The City does not budget for depreciation.

**CITY OF VIRGINIA BEACH, VIRGINIA  
WATER AND SEWER FUND CAPITAL PROJECTS  
BUDGETED AND ACTUAL REVENUES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 474,466	\$ 66,333	\$ 169,555	\$ 235,888
STATE FUNDING	95,936	17,689	45,214	62,903
LOCAL FUNDING	239,092,555	150,346,698	14,029,481	164,376,179
TOTAL WATER AND SEWER CAPITAL PROJECTS	<u>\$ 239,662,957</u>	<u>\$ 150,430,720</u>	<u>\$ 14,244,250</u>	<u>\$ 164,674,970</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER FUND CAPITAL PROJECTS**  
**WATER CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
5010	RAW WATER TRANSMISSION SYSTEM REHAB I	\$ 100,000	\$ 6,127	\$ 6,127	\$ 6,127	\$ 91,585	\$ 2,288
5024	HOLLAND ROAD - PHASE VI	2,600,000	629,307	729,409	729,409	760,350	1,110,241
5027	LESNER BRIDGE WATER LINE REPLACEMENT	250,000	-	-	-	-	250,000
5028	WITCHDUCK RD - PHASE II WATER IMPROVEMENT	1,802,000	-	-	-	-	1,802,000
5030	SHORE DRIVE WATER LINE IMPROVEMENTS PH III	385,000	-	-	-	-	385,000
5031	SYSTEM EXP COST PARTICIPATION AGREE PH II	100,000	100,000	100,000	100,000	-	-
5037	PACIFIC AVENUE WATER IMPROVEMENTS	1,755,151	1,439,695	1,439,695	1,439,695	172,609	142,846
5046	UTILITIES EMERG RESPONSE PRG-PHASE II	900,000	49,408	566,038	49,408	136,684	197,278
5084	SYSTEM EXPAN COST PART AGREEMENTS - PH II	511,444	354,729	511,444	354,729	-	-
5089	VAR ROADWAY/STRM WTR COORDINATION - PH V	1,260,000	19,641	855,508	19,641	137,236	267,257
5090	LYNNHAVEN PARKWAY - PHASE XI	635,198	1,905	37,080	37,080	287,611	310,508
5091	WATER REQUEST & AGREEMENTS-51% PROG - PH V	90,000	39,743	90,000	39,743	-	-
5116	PROSPERITY ROAD WATER IMPROVE 51% PROGR	250,000	58,622	58,622	58,622	10,000	181,378
5148	ELBOW ROAD EXT - PH I & II	429,663	-	379,662	-	-	50,001
5149	INDIAN RIVER RD - PHASE VII	68,548	-	58,224	-	10,324	-
5151	LANDSTOWN YARD IMPROVEMENTS - PHASE IV	2,196,000	251,259	827,144	251,259	69,819	1,299,037
5203	LOTUS GARDEN WATER IMPROVEMENTS-51% PRG	2,020,000	564,602	589,846	589,846	1,430,154	-
5207	LASKIN ROAD - PHASE I	905,606	148,049	352,618	197,013	25,845	527,142
5250	POTABLE WELLS EVALUATION PROGRAM-PH III	650,000	96,250	610,500	96,250	39,500	-
5251	VARIOUS RDWY STORM WATER COOR VI	600,000	4,573	4,573	4,573	-	595,427
5252	WATER QUALITY PROGRAM - PHASE IV	300,000	64,765	196,827	-	75,672	27,500
5254	WATER REQUESTS & AGREEMENT (51% PRG) VI	100,000	100,000	100,000	100,000	-	-
5260	UTILITY CROSSINGS CONDITION ASSESS PH II	1,043,518	26,715	211,621	211,621	54	831,842
5403	SERVICE ORDER AUTOMATION SOLUTION DESIGN	150,000	-	-	-	-	150,000
5405	CUSTOMER INFO SYSTEM VERSION MIGRATION	1,200,000	-	144,463	144,463	-	1,055,537
5407	COMPUTERIZED MAP/INFRASTRUCTURE MGMT III	100,000	(15,465)	-	-	420	99,580
5408	NIMMO PARKWAY-WATER MAIN REPLACE-PH V	250,000	-	900	900	128,395	120,705
5452	COMPREHENSIVE WATER MASTER PLANNING VI	700,000	64,315	102,590	-	50,000	547,410
5501	WTR PUMP STATION/TANK UPGRADE PRG - PH I	15,984,996	2,824,414	10,693,163	-	2,063,687	3,228,146
5602	PA RD/KEMPSVILLE RD INTERSECTION IMPROVE	759,300	592	58,954	58,954	39,472	660,874
5708	RESORT AREA NEIGHBORHOOD REVITALIZATION	4,446,636	527,437	3,146,969	527,437	191,083	1,108,585
5804	WATER LINE EXT REPLACE REHAB PROGRAM	2,970,000	670,841	1,589,484	-	635,705	744,812
5805	WTR SYS AGING INFRASTRUCTURE PRG - PH I	5,150,000	379,648	4,465,642	379,648	138,084	546,274
5806	BACKFLOW PREVENT/CROSS CONNCT CTRL PH II	536,271	121,077	213,853	213,853	78,923	243,496
5952	WTR PUMP STA FLOW MONITOR/DATA STORAGE	1,069,176	247,948	501,030	501,030	299,853	268,293
5953	WATER TAP INSTALLATION PROGRAM PH II	779,754	277,316	502,248	277,316	45,165	232,341
5967	WTR RESOURCES INVESTIGATION/PLANNING - PH I	700,000	17,782	142,338	-	50,850	506,812
TOTAL WATER CAPITAL PROJECT EXPENDITURES		<u>\$ 53,748,261</u>	<u>9,071,295</u>	<u>\$ 29,286,572</u>	<u>\$ 6,388,617</u>	<u>\$ 6,969,080</u>	<u>\$ 17,492,610</u>
CLOSED WATER CAPITAL PROJECTS EXPENDITURES			<u>382,249</u>				
TOTAL CURRENT YEAR WATER CAPITAL PROJECTS EXPENDITURES			<u>\$ 9,453,544</u>				

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER FUND CAPITAL PROJECTS**  
**SEWER CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
6019	RESORT AREA NEIGHBORHOOD REVITALIZATION	\$ 14,960,000	\$ 1,515,757	\$ 8,727,203	\$ -	\$ 2,101,692	\$ 4,131,105
6037	PACIFIC AVENUE WATER IMPROVEMENTS	858,284	541,153	541,153	541,153	218,661	98,470
6041	PUMP STATION MODIFICATIONS-PHASE V	38,079,861	6,097,327	26,534,531	-	9,246,744	2,298,586
6051	INDIAN RIVER ROAD - PHASE VII	14,717	-	9,472	9,472	5,244	2
6057	HOLLAND ROAD - PHASE VI	2,550,000	629,307	674,530	674,530	498,264	1,377,206
6061	EMERG RESPONSE PRG-PHASE II	900,000	24,413	500,427	24,413	25,511	374,062
6070	INFILTRATION & REHAB PH V	21,520,000	3,534,575	17,745,080	-	885,746	2,889,174
6075	LASKIN ROAD - PHASE I	1,900,030	7,989	79,918	79,888	10,000	1,810,112
6085	SANITARY SEWER AGING INFRASTR PRG-PH II	8,300,000	177,558	8,102,305	177,558	107,696	89,999
6090	CLEAN WATER ACT COMPLIANCE STUDIES - PH I	200,000	84,233	84,233	-	88,854	26,913
6091	SEWER REQUESTS & AGREEMENTS PH VI (51%)	100,000	100,000	100,000	100,000	-	-
6092	VACUUM VALVE MONITORING SYSTEM	400,000	-	-	-	121,875	278,125
6093	CONSENT ORDER REHAB PLAN IMPLEMENTATION - PH I	8,575,000	191,112	1,045,324	191,112	589,530	6,940,147
6106	VAR ROADWAY/STRM WTR COORDINATION - PH V	991,655	94,337	753,361	94,337	166,768	71,526
6116	PROSPERITY ROAD SEWER IMPROVE 51% PROGR	250,000	209,706	209,706	209,706	18,501	21,793
6148	SYSTEM EXPAN COST PART AGREEMENTS - PH II	1,427,000	632,270	1,358,525	632,270	68,475	-
6151	LANDSTOWN YARD IMPROVEMENTS - PHASE IV	1,365,000	76,570	375,329	76,570	11,936	977,735
6201	GREEN HILL FARMS SEWER IMPROVE (51% PRG)	2,320,000	121,039	121,039	121,039	90,259	2,108,702
6203	LOTUS GARDEN SEWER IMPROVEMENTS-51% PRG	1,650,000	497,295	1,086,562	497,295	563,438	-
6403	SERVICE ORDER AUTOMATION SOLUTION DESIGN	150,000	-	-	-	-	150,000
6405	CUSTOMER INFO SYSTEM VERSION MIGRATION	1,200,000	-	126,320	126,320	-	1,073,680
6501	AUX POWER PRG-SEWER PMP STATIONS-PH III	9,866,816	2,592,578	4,681,671	-	2,039,416	3,145,729
6550	COMPREHENSIVE SEWER MASTER PLANNING V	650,000	261,659	302,725	-	316,804	30,471
6551	SYSTEM EXP COST PARTICIPATION AGREE III	1,200,000	395,025	395,025	395,025	89,280	715,695
6552	SANITARY SEWER SYS REVITAL'N PRG-PH II	17,165,736	2,809,496	12,737,764	-	2,981,934	1,446,038
6555	UTILITY CROSSINGS CONDITION ASSESS PH II	1,084,211	-	84,900	84,900	-	999,311
6556	VARIOUS ROADWAY/STORM WATER COORD VI	720,000	38,182	38,182	38,182	481,488	200,330
6557	SGA SANITARY SEWER SYSTEM IMPROVEMENTS	1,600,000	-	-	-	-	1,600,000
6559	SANITARY SEWER ASSET MGMT PROGRAM III	900,000	-	-	-	-	900,000
6564	RELOCATION SEWER CLEAN OUTS N LANDING	325,000	23,793	63,799	63,799	3,326	257,876
6565	COMPUTERIZED MAPPING & INFRASTRUCTURE	100,000	(13,701)	-	-	420	99,580
6566	NIMMO PARKWAY SANITARY SEWER EXT-PH V	305,000	-	-	-	4,000	301,000
6601	FIRST COLONIAL/VB BLVD INTERSECTION IMPROV	10,000	-	-	-	-	10,000
6602	PA ROAD/KEMPSVILLE RD INTERSECTION IMPROV	969,600	65,975	636,256	65,975	330,290	3,054
6604	WITCHDUCK ROAD-PHASE II SEWER IMPROVEMENTS	461,499	-	17,427	17,427	1,936	442,136
6804	SANIT SWR REGULATORY COMPLICANCE PRG - PH I	25,068,476	2,447,996	20,083,987	-	3,152,070	1,832,419
6952	SWR PUMP STA FLOW MONITOR/DATA STORAGE	10,200,000	821,108	3,563,260	3,563,260	4,692,856	1,943,884
6953	SEWER TAP INSTALLATION PROGRAM PH II	876,811	348,646	743,838	348,646	92,779	40,194
6973	SANITARY SEWER CAPACITY PROGRAM - PHASE I	6,700,000	272,452	4,051,275	272,452	5,517	2,643,208
TOTAL SEWER CAPITAL PROJECT EXPENDITURES		<u>\$ 185,914,696</u>	<u>24,597,850</u>	<u>\$ 115,575,127</u>	<u>\$ 8,405,329</u>	<u>\$ 29,011,310</u>	<u>\$ 41,328,262</u>
CLOSED CAPITAL PROJECTS EXPENDITURES			<u>63,771</u>				
TOTAL CURRENT YEAR SEWER CAPITAL PROJECTS EXPENDITURES			<u>\$ 24,661,621</u>				
WATER AND SEWER CAPITAL PROJECTS		<u>\$ 239,662,957</u>	<u>\$ 34,115,165</u>	<u>\$ 144,861,699</u>	14,793,946	<u>\$ 35,980,390</u>	<u>\$ 58,820,872</u>
CAPITALIZED INTEREST REMAINING IN CONSTRUCTION IN PROGRESS					2,813,654		
WATER AND SEWER FUND CONSTRUCTION IN PROGRESS					<u>\$ 17,607,600</u>		
TOTAL WATER AND SEWER CAPITAL PROJECTS REVENUES				\$ 164,674,970			
TOTAL WATER AND SEWER CAPITAL PROJECTS EXPENDITURES				<u>(144,861,699)</u>			
WATER AND SEWER NET POSITION RESTRICTED FOR CAPITAL PROJECTS				<u>\$ 19,813,271</u>			

**STORM WATER  
ENTERPRISE FUND**





## **STORM WATER ENTERPRISE FUND**

The Storm Water Enterprise Fund operates the city's drainage and storm water management system. This fund addresses the City Council destination points and city strategies of creating an effective drainage system and storm water management system, protect natural resources and enhance quality of land and waterways, to maintain the city's utility systems, encourage development only in accordance with principles of natural environment protection, and provide adequate resources to maintain existing infrastructure.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER ENTERPRISE FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

**ASSETS**

## Current Assets:

Cash and Investments	\$ 23,326,562
Accounts Receivable - Net of Estimated Uncollectibles	6,373,837
Total Current Assets	<u>\$ 29,700,399</u>

## Non-current Assets:

Cash and Investments - Restricted	\$ 46,785,409
Capital Assets:	
Land	131,399,341
Utility System	201,475,511
Machinery and Equipment	12,804,816
Construction in Progress	21,795,583
Less: Accumulated Depreciation	<u>(58,903,047)</u>
Total Capital Assets	<u>\$ 308,572,204</u>
Total Non-current Assets	<u>\$ 355,357,613</u>
Total Assets	<u>\$ 385,058,012</u>

**DEFERRED OUTFLOWS OF RESOURCES**

FY15 VRS Employer Contributions	<u>\$ 1,031,151</u>
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**LIABILITIES**

## Current Liabilities:

Vouchers and Accounts Payable	\$ 568,414
Accrued Interest Payable	219,149
Construction Contracts Payable	4,344,246
Current Portion of Long-term Liabilities	<u>2,189,586</u>
Total Current Liabilities	<u>\$ 7,321,395</u>

## Long-Term Liabilities (less current portion):

Double Barrel and Revenue Bonds and Notes	\$ 45,220,000
Premium on Refunding Bonds	1,236,838
Accrued Compensated Leave	573,694
Net Pension Liability	<u>7,039,456</u>
Total Long-Term Liabilities (less current portion)	<u>\$ 54,069,988</u>
Total Liabilities	<u>\$ 61,391,383</u>

**DEFERRED INFLOWS OF RESOURCES**

Net difference between Projected and Actual Earnings on Plan Investments	<u>\$ 1,827,757</u>
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**NET POSITION**

Net Investment in Capital Assets	\$ 260,375,851
Restricted for Capital Projects	39,047,593
Restricted for Debt Service	3,393,570
Restricted for Operations	<u>20,053,009</u>
Total Net Position	<u>\$ 322,870,023</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**OPERATING REVENUES**

Service Charges	\$ 39,053,181
Miscellaneous	99,344
Total Operating Revenues	<u>\$ 39,152,525</u>

**OPERATING EXPENSES**

Personal Services	\$ 7,425,830
Fringe Benefits	2,139,394
Contractual Services	2,308,732
Internal Services	1,195,726
Other Charges	2,825,155
Land Structure Maintenance	329,679
CIP Annual Expenditures	1,265,350
Depreciation	4,569,433
Total Operating Expenses	<u>\$ 22,059,299</u>

**OPERATING INCOME (LOSS)**\$ 17,093,226**NONOPERATING REVENUES (EXPENSES)**

Interest Income	\$ 142,133
Gain (Loss) From Sale of Assets	(24,084)
Interest and Fiscal Charges	(596,178)
Total Nonoperating Revenues (Expenses)	<u>\$ (478,129)</u>

**INCOME (LOSS) BEFORE TRANSFERS**

\$ 16,615,097

Capital Contributions	704,005
Transfers In	29,019
Total Transfers	<u>\$ 733,024</u>

**CHANGE IN NET POSITION**

\$ 17,348,121

**TOTAL NET POSITION - BEGINNING - RESTATED**305,521,902**TOTAL NET POSITION - ENDING**\$ 322,870,023

**CITY OF VIRGINIA BEACH, VIRGINIA  
STORM WATER ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from Customers and Users	\$ 38,684,230
Other Operating Cash Receipts	99,344
Cash Payments To Suppliers of Goods and Services	(7,902,647)
Cash Payments To Employees for Services	(9,861,400)
Net Cash Provided (Used) By Operating Activities	<u>\$ 21,019,527</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Receipts from Other Funds	<u>\$ 29,019</u>
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Interest Paid on Long-term Debt	\$ (496,427)
Acquisition and Construction of Capital Assets	(17,559,039)
Proceeds from Sale of Salvage	(24,084)
Federal Government Bond Subsidy	267,309
Proceeds from Sale of Bonds	23,500,000
Principal Paid on Long-term Debt	(1,030,000)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ 4,657,759</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest and Dividends Received	<u>\$ 142,133</u>
Net Increase (Decrease) in Cash and Temporary Investments	25,848,438
Cash and Temporary Investments, July 1	<u>44,263,533</u>
Cash and Temporary Investments, June 30	<u><u>\$ 70,111,971</u></u>

**RECONCILIATION OF OPERATING INCOME (LOSS)****TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income (Loss)	\$ 17,093,226
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:	
Depreciation	4,569,433
(Increase) Decrease in Accounts Receivable	(368,951)
Increase (Decrease) in Vouchers and Accounts Payable	21,995
Increase (Decrease) in Accrued Compensated Leave	124,844
Increase (Decrease) in Net Pension Liability	(421,020)
Total Adjustments	<u>\$ 3,926,301</u>
Net Cash Provided By Operating Activities	<u><u>\$ 21,019,527</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER ENTERPRISE FUND**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget	Actual	Variance Positive (Negative)
<b><u>Project Management</u></b>			
Personal Services	\$ 1,637,866	\$ 1,382,622	\$ 255,244
Fringe Benefits	628,182	442,594	185,588
Contractual Services	255,215	61,827	193,388
Internal Services	37,201	28,305	8,896
Other Charges	319,584	217,119	102,465
Total Project Management	<u>\$ 2,878,048</u>	<u>\$ 2,132,467</u>	<u>\$ 745,581</u>
<b><u>Customer Services</u></b>			
Personal Services	\$ 66,927	\$ 49,543	\$ 17,384
Fringe Benefits	14,474	11,142	3,332
Contractual Services	8,211	-	8,211
Internal Services	2,397	2,265	132
Other Charges	3,445	2,718	727
Total Customer Services	<u>\$ 95,454</u>	<u>\$ 65,668</u>	<u>\$ 29,786</u>
<b><u>Operations and Maintenance</u></b>			
Personal Services	\$ 5,125,802	\$ 4,845,207	\$ 280,595
Fringe Benefits	1,676,254	1,788,712	(112,458)
Contractual Services	2,298,950	2,222,010	76,940
Internal Services	1,093,796	996,428	97,368
Other Charges	1,090,344	468,299	622,045
Land Structures and Improvements	536,718	329,679	207,039
Total Operations and Maintenance	<u>\$ 11,821,864</u>	<u>\$ 10,650,335</u>	<u>\$ 1,171,529</u>
<b><u>Inspections and Environmental Spill Response</u></b>			
Personal Services	\$ 549,091	\$ 499,573	\$ 49,518
Fringe Benefits	181,669	131,481	50,188
Contractual Services	44,266	16,092	28,174
Internal Services	36,872	32,271	4,601
Other Charges	17,902	11,319	6,583
Total Inspections and Environmental Spill Response	<u>\$ 829,800</u>	<u>\$ 690,736</u>	<u>\$ 139,064</u>
<b><u>Residential Street Sweeping</u></b>			
Personal Services	\$ 742,476	\$ 648,885	\$ 93,591
Fringe Benefits	252,641	186,485	66,156
Contractual Services	19,783	8,803	10,980
Internal Services	146,999	136,457	10,542
Other Charges	81,186	39,413	41,773
Total Residential Street Sweeping	<u>\$ 1,243,085</u>	<u>\$ 1,020,043</u>	<u>\$ 223,042</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER ENTERPRISE FUND**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>General Fund Charges</u></b>			
Direct Cost Allocations	\$ 510,992	\$ 510,992	\$ -
Indirect Cost Allocations	722,271	722,271	-
Landscape Services	26,558	26,558	-
ComIT Core Services	7,484	7,484	-
Stormwater Regulations	196,119	196,119	-
Total General Fund Charges	<u>\$ 1,463,424</u>	<u>\$ 1,463,424</u>	<u>\$ -</u>
<b><u>Other Charges</u></b>			
Annual CIP Expenditures	\$ -	\$ 1,265,350	\$ (1,265,350)
Water and Sewer Billing System Charges	622,863	622,863	-
FY15 VRS Employer Contributions	-	(421,020)	421,020
Total Other Charges	<u>\$ 622,863</u>	<u>\$ 1,467,193</u>	<u>\$ (844,330)</u>
 Total Budgeted Operating Expenses	 <u><u>\$ 18,954,538</u></u>	 <u><u>\$ 17,489,866</u></u>	 <u><u>\$ 1,464,672</u></u>

Note: Total General Fund Charges reclassified as Other Charges.

Depreciation is not included in the Budgeted Operating Expenses. The City does not budget for depreciation.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER CAPITAL PROJECTS BUDGETED AND ACTUAL REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Funding Sources	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
LOCAL FUNDING	\$ 192,652,453	\$ 136,759,215	\$ 33,043,262	\$ 169,802,477
STATE FUNDING	724,458	724,458	-	724,458
FEDERAL FUNDING	2,758,674	113,507	408,016	521,523
TOTAL STORM WATER UTILITY CAPITAL PROJECTS	<u>\$ 196,135,585</u>	<u>\$ 137,597,180</u>	<u>\$ 33,451,278</u>	<u>\$ 171,048,458</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
7004	STORM WATER INFRASTRUCTURE REHABILITATION	\$ 20,703,442	\$ 611,464	\$ 20,629,498	\$ -	\$ 69,923	\$ 4,021
7005	NORTH LAKE HOLLY WATERSHED	16,771,135	443,383	8,773,190	443,383	1,570,097	6,427,848
7016	SOUTH LAKE HOLLY WATERSHED (PARTIAL)	12,538,000	1,529,409	4,431,727	1,529,409	2,693,361	5,412,912
7023	PRIMARY SYSTEM INFRASTRUCTURE IMPROVE II	1,540,000	837,295	858,155	858,155	473,366	208,479
7024	SOUTHERN CANAL/LEAD DITCH & CULVERT IMPRV	1,450,000	594,736	1,176,508	594,736	577,280	(303,788)
7026	RESIDENTIAL DRAINAGE COST PART PRGM II	100,000	-	6,485	6,485	-	93,515
7027	SWM MSTR PLANNING, ANALYSIS, & INVENTORY	2,070,906	58,577	1,347,172	58,577	362,086	361,648
7028	WINDSOR WOODS DRAINAGE	1,500,000	-	-	-	-	1,500,000
7030	SEA LEVEL RISE/RECURRENT FLOODING ANALYSIS	3,000,000	187,042	187,042	139,319	85,186	2,727,772
7032	FLOOD MITIGATION ASSISTANCE GRANT PROGRAM	1,227,144	-	-	-	-	1,227,144
7033	STORM WATER MAINTENANCE BACKLOG	4,400,000	40,877	4,321,953	70,589	77,243	804
7035	LAWSON FOREST DRAINAGE	1,080,000	37,166	148,413	148,413	188,477	743,110
7036	BAKER ROAD CULVERT & DITCH IMPROVEMENTS	450,000	-	120,531	120,531	19,333	310,136
7037	BELLAMY MANOR OUTFALL DITCH	450,000	-	-	-	-	450,000
7038	THOROUGHGOOD DRAINAGE	870,000	602,312	850,613	850,613	19,367	20
7049	BCH GRDN PRK-KILBORNE CRT/HOLLY RD IMPRV	900,000	129,766	823,683	823,683	-	76,317
7063	NEIGHBORHD SW INFRASTRUCT IMP	8,901,820	2,673	8,890,626	2,673	8,064	3,130
7067	PRIMARY SYSTEM INFRASTRUCTURE IMPROVEMENTS	12,401,286	683,249	11,963,730	-	146,610	290,946
7151	EASTERN SHORE DRIVE DRAINAGE	13,139,357	63,338	569,348	569,348	34,771	12,535,238
7152	DAM & SPILLWAY STRUCTURAL IMPROVEMENTS	6,953,735	361,098	6,729,196	361,098	113,518	111,021
7153	LYNNHAVEN WATERSHED RESTORATION	4,349,378	156,893	3,492,870	156,893	84,820	771,688
7159	WATER QUALITY PARTICIPATION PROJECTS	1,286,499	24,924	766,625	24,924	53,100	466,774
7183	STORM WATER QUALITY ENHANCEMENTS	8,616,441	52,789	7,282,708	52,789	335,752	997,981
7200	SEVERE REPETITIVE LOSS GRANT PROGRAM	1,847,009	1,217,627	1,441,908	-	318,026	87,075
7400	ARAGONA DRAINAGE IMPROVEMENTS	1,735,000	654	26,339	26,339	4,000	1,704,661
7402	COLLEGE PARK/LEVEL GREEN DRAINAGE IMPROV	225,000	-	-	-	-	225,000
7406	ELIZABETH RIVER TMDL IMPLEMENTATION PLAN	800,000	69,302	175,833	175,833	104,897	519,270
7409	SHORE DRIVE DRAINAGE PRELIMINARY STUDY	428,152	7,099	426,353	-	-	1,799
7410	SOUTHERN RIVER TMDL IMPLEMENTATION PLAN	800,000	9,533	117,566	117,566	120,098	562,336
7411	OCEANFRONT STORM WATER FACILITIES MAINT	708,000	176,185	563,213	176,185	-	144,787
7412	STORM WATER PUMP STATION MODIFICATIONS	1,666,889	858,873	1,526,480	858,873	86,074	54,335
7413	NEIGHORHD SW INFRASTRUCTURE IMPRO PH II	1,491,929	513,360	703,068	703,068	262,178	526,683
7414	STORM WATER QUALITY ENHANCEMENTS PH II	6,291,234	1,103,417	1,671,119	1,671,119	2,585,430	2,034,685
7415	LAKE MANAGEMENT PH II	12,097,840	5,390,321	6,329,936	6,329,936	1,305,340	4,462,564
7416	SW INFRASTRUCTURE REHAB & INPROV PH II	15,302,866	4,321,628	8,327,528	4,321,629	4,082,468	2,892,870
7902	NORTH BEACH DRAINAGE	28,042,523	-	27,321,449	-	128,280	592,794
TOTAL STORM WATER UTILITY CAPITAL PROJECTS		<u>\$ 196,135,585</u>	<u>\$ 20,084,990</u>	<u>\$ 132,000,865</u>	21,192,166	<u>\$ 15,909,145</u>	<u>\$ 48,225,575</u>
CAPITALIZED INTEREST					603,417		
STORM WATER FUND CONSTRUCTION IN PROGRESS					<u>\$ 21,795,583</u>		
TOTAL STORM WATER CAPITAL PROJECTS REVENUES				\$ 171,048,458			
TOTAL STORM WATER CAPITAL PROJECTS EXPENDITURES				(132,000,865)			
STORM WATER NET POSITION RESTRICTED FOR CAPITAL PROJECTS				<u>\$ 39,047,593</u>			



**WASTE MANAGEMENT**

**ENTERPRISE FUND**



## **WASTE MANAGEMENT ENTERPRISE FUND**

The Waste Management Enterprise Fund provides citywide residential automated, manual and special solid waste collections, providing containers for residents to dispose of large quantities of yard debris, centralizing the city's recycling effort, operating a city landfill, and serving as a conduit between the city and the Southeastern Public Service Authority, which is the agency responsible for the regional waste disposal program.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WASTE MANAGEMENT ENTERPRISE FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

**ASSETS**

## Current Assets:

Accounts Receivable - Net of Estimated Uncollectibles	\$ 7,031,828
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## Non-current Assets:

## Capital Assets:

Machinery and Equipment	\$ 6,531,609
Less: Accumulated Depreciation	(2,009,185)
Total Capital Assets	\$ 4,522,424
Total Non-current Assets	\$ 4,522,424
Total Assets	\$ 11,554,252

**DEFERRED OUTFLOWS OF RESOURCES**

FY15 VRS Employer Contributions	\$ 960,662
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**LIABILITIES**

## Current Liabilities:

Vouchers and Accounts Payable	\$ 1,906,646
Due to Other Funds	1,426,178
Current Portion of Long-term Liabilities	684,289
Total Current Liabilities	\$ 4,017,113

## Long-Term Liabilities (less current portion):

Net Pension Liability	\$ 6,558,240
Accrued Compensated Leave	306,186
Total Long-Term Liabilities (less current portion)	\$ 6,864,426
Total Liabilities	\$ 10,881,539

**DEFERRED INFLOWS OF RESOURCES**

Net Difference between Projected and Actual Earnings on Plan Investments	\$ 1,702,812
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**NET POSITION**

Net Investment in Capital Assets	\$ 4,522,424
Restricted for Operations	(4,591,861)
Total Net Position	\$ (69,437)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WASTE MANAGEMENT ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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<b><u>OPERATING REVENUES</u></b>	
Service Charges	\$ 34,603,695
SPSA Rebate	7,956,568
Miscellaneous	881,490
Total Operating Revenues	<u>\$ 43,441,753</u>
<b><u>OPERATING EXPENSES</u></b>	
Personal Services	\$ 6,617,616
Fringe Benefits	2,181,247
Contractual Services	23,200,313
Internal Services	4,055,410
Other Charges	3,127,514
Depreciation	2,009,185
Total Operating Expenses	<u>\$ 41,191,285</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>\$ 2,250,468</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>	
From Commonwealth	<u>\$ 45,023</u>
<b><u>INCOME (LOSS) BEFORE CONTRIBUTIONS</u></b>	<u>\$ 2,295,491</u>
Capital Contributions	<u>4,289,637</u>
<b><u>CHANGE IN NET POSITION</u></b>	<u>\$ 6,585,128</u>
<b><u>TOTAL NET POSITION - BEGINNING - RESTATED</u></b>	<u>(6,654,565)</u>
<b><u>TOTAL NET POSITION - ENDING</u></b>	<u><u>\$ (69,437)</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
WASTE MANAGEMENT ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from Customers and Users	\$ 42,297,020
Other Operating Cash Receipts	881,490
Cash Payments To Suppliers of Goods and Services	(31,491,956)
Cash Payments To Employees for Services	(9,277,286)
Cash Payments for Quasi-External Other Operating	(1,288,978)
Net Cash Provided (Used) By Operating Activities	<u>\$ 1,120,290</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Intergovernmental Receipts	<u>\$ 45,023</u>
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Acquisition and Construction of Capital Assets	<u>\$ (1,165,313)</u>
Net Increase (Decrease) in Cash and Temporary Investments	-
Cash and Temporary Investments, July 1	<u>-</u>
Cash and Temporary Investments, June 30	<u><u>\$ -</u></u>

**RECONCILIATION OF OPERATING INCOME (LOSS)****TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income (Loss)	\$ 2,250,468
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:	
Depreciation	2,009,185
(Increase) Decrease in Accounts Receivable	(263,243)
Increase (Decrease) in Vouchers and Accounts Payable	183,924
Increase/(Decrease) in Due to Other Funds	(1,288,978)
Increase (Decrease) in Unearned Revenue	(1,292,643)
Increase (Decrease) in Accrued Compensated Leave	(86,184)
Increase (Decrease) in Net Pension Liability	(392,239)
Total Adjustments	<u>\$ (1,130,178)</u>
Net Cash Provided By Operating Activities	<u><u>\$ 1,120,290</u></u>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:**

Capital Contributions of Fixed Assets	<u><u>\$ 4,289,637</u></u>
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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WASTE MANAGEMENT ENTERPRISE FUND**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budget	Actual	Variance Positive (Negative)
<b><u>Program Support</u></b>			
Personal Services	\$ 690,361	\$ 562,744	\$ 127,617
Fringe Benefits	271,059	246,086	24,973
Contractual Services	35,560	2,543	33,017
Internal Services	68,620	66,520	2,100
Other Charges	34,374	28,721	5,653
Total Program Support	<u>\$ 1,099,974</u>	<u>\$ 906,614</u>	<u>\$ 193,360</u>
<b><u>Bureau of Waste Disposal</u></b>			
Personal Services	\$ 700,422	\$ 624,273	\$ 76,149
Fringe Benefits	213,126	193,353	19,773
Contractual Services	17,469,273	16,943,448	525,825
Internal Services	378,844	319,462	59,382
Other Charges	143,661	138,381	5,280
Total Bureau of Waste Disposal	<u>\$ 18,905,326</u>	<u>\$ 18,218,917</u>	<u>\$ 686,409</u>
<b><u>Bureau of Waste Collections</u></b>			
Personal Services	\$ 5,336,512	\$ 5,170,668	\$ 165,844
Fringe Benefits	2,017,030	2,043,494	(26,464)
Contractual Services	388,552	249,901	138,651
Internal Services	4,030,375	3,598,883	431,492
Other Charges	234,540	201,499	33,041
Total Bureau of Waste Collections	<u>\$ 12,007,009</u>	<u>\$ 11,264,445</u>	<u>\$ 742,564</u>
<b><u>Yard Debris &amp; Hazardous Household Waste</u></b>			
Personal Services	\$ 220,899	\$ 154,465	\$ 66,434
Fringe Benefits	60,771	51,393	9,378
Contractual Services	1,827,760	1,624,912	202,848
Internal Services	94,123	70,067	24,056
Other Charges	33,030	21,563	11,467
Total Yard Debris & Hazardous Household Waste	<u>\$ 2,236,583</u>	<u>\$ 1,922,400</u>	<u>\$ 314,183</u>
<b><u>Recycling</u></b>			
Personal Services	\$ 101,330	\$ 105,466	\$ (4,136)
Fringe Benefits	39,709	39,160	549
Contractual Services	4,651,435	4,379,509	271,926
Internal Services	728	478	250
Other Charges	157,850	109,143	48,707
Total Recycling	<u>\$ 4,951,052</u>	<u>\$ 4,633,756</u>	<u>\$ 317,296</u>
<b><u>General Fund Charges</u></b>			
Direct Costs Allocation	\$ 1,935,539	\$ 1,935,539	\$ -
Landfill	146,064	146,064	-
Total General Fund Charges	<u>\$ 2,081,603</u>	<u>\$ 2,081,603</u>	<u>\$ -</u>
<b><u>Other Charges</u></b>			
Water and Sewer Billing System Charges	\$ 546,604	\$ 546,604	\$ -
FY15 VRS Employer Contributions	-	(392,239)	392,239
Total Other Charges	<u>\$ 546,604</u>	<u>\$ 154,365</u>	<u>\$ 392,239</u>
Total Budgeted Operating Expenses	<u>\$ 41,828,151</u>	<u>\$ 39,182,100</u>	<u>\$ 2,646,051</u>

Note: Total General Fund Charges reclassified as Other Charges. Budget does not include Reserves.

Depreciation is not included in the Budgeted Operating Expenses. The City does not budget for depreciation.

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**DEVELOPMENT AUTHORITY**

**ENTERPRISE FUND**



## **DEVELOPMENT AUTHORITY ENTERPRISE FUND**

The Development Authority Enterprise Fund (Authority) was established for the specific purpose of attracting new industries and the expansion of existing industries. The Authority's Commissioners are appointed by the City Council. The Authority is authorized to issue industrial development bonds after approval by the City Council and to purchase land to improve and sell for development. In addition, the Authority facilitates economic development projects as needed by City Council. The Development Authority is presented as a blended component unit and is included in the City's reporting entity. The City has responsibility through support agreements for debt payments on outstanding Public Facility Revenue Bonds which are recorded on the Authority's financial records.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DEVELOPMENT AUTHORITY ENTERPRISE FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

**ASSETS**

## Current Assets:

Cash and Investments	\$ 9,190,560
Accounts Receivable - Net	7,748,276
Total Current Assets	<u>\$ 16,938,836</u>

## Non-current Assets:

Cash and Investments - Restricted	\$ 1,898,356
Land Held for Resale	22,530,172
Capital Assets:	
Land	20,457,260
Buildings	120,710,147
Machinery and Equipment	565,065
Less: Accumulated Depreciation	<u>(28,717,439)</u>
Total Capital Assets	<u>\$ 113,015,033</u>
Total Non-current Assets	<u>\$ 137,443,561</u>
Total Assets	<u>\$ 154,382,397</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Debt Refundings Resulting in Loss Transactions	<u>\$ 951,465</u>
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**LIABILITIES**

## Current Liabilities:

Vouchers and Accounts Payable	\$ 5,593,621
Accrued Interest Payable	1,099,961
Unearned Revenue	20,235
Current Portion of Long-term Liabilities	<u>6,284,634</u>
Total Current Liabilities	<u>\$ 12,998,451</u>

## Long-Term Liabilities (less current portion):

Public Facility Revenue Bonds	\$ 77,081,069
Premium on Revenue Bonds	<u>1,800,475</u>
Total Long-Term Liabilities (less current portion)	<u>\$ 78,881,544</u>
Total Liabilities	<u>\$ 91,879,995</u>

**DEFERRED INFLOWS OF RESOURCES**

Debt Refundings Resulting in Gain Transactions	<u>\$ 1,541,238</u>
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**NET POSITION**

Net Investment in Capital Assets	\$ 27,259,083
Restricted for Debt Service	4,151,255
Unrestricted	<u>30,502,291</u>
Total Net Position	<u>\$ 61,912,629</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DEVELOPMENT AUTHORITY ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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<b><u>OPERATING REVENUES</u></b>	
Charges for Services	\$ 5,172,219
Miscellaneous	276,567
Total Operating Revenues	<u>\$ 5,448,786</u>
<b><u>OPERATING EXPENSES</u></b>	
Contractual Services	\$ 2,374,643
Other Charges	2,252,863
Depreciation	2,858,442
Total Operating Expenses	<u>\$ 7,485,948</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>\$ (2,037,162)</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>	
Interest Income	\$ 15,932
Payment Under Support Agreement	9,970,109
Sale of Capital Asset	(578,220)
Interest and Fiscal Charges	(3,539,063)
Total Nonoperating Revenues	<u>\$ 5,868,758</u>
<b><u>INCOME (LOSS) BEFORE CONTRIBUTIONS</u></b>	<u>\$ 3,831,596</u>
Capital Contributions	<u>1,624,500</u>
<b><u>CHANGE IN NET POSITION</u></b>	<u>\$ 5,456,096</u>
<b><u>TOTAL NET POSITION - BEGINNING</u></b>	<u>56,456,533</u>
<b><u>TOTAL NET POSITION - ENDING</u></b>	<u><u>\$ 61,912,629</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
DEVELOPMENT AUTHORITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from Customers and Users	\$ 5,920,464
Receipts from (Payments for) Interfund Services Provided	(27,708)
Other Operating Cash Receipts (Disbursements)	(22,693)
Cash Payments To Suppliers of Goods and Services	(4,132,355)
Net Cash Provided (Used) By Operating Activities	<u>\$ 1,737,708</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Capital Contributions	\$ 9,970,109
Interest Paid on Long-term Debt	(4,010,252)
Principal Paid on Capital Debt	(6,641,730)
Reimbursement of Expenses from Bond Proceeds	399,712
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (282,161)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest and Dividends Received	<u>\$ 15,932</u>
Net Increase (Decrease) in Cash and Temporary Investments	1,471,479
Cash and Temporary Investments, July 1	<u>9,617,437</u>
Cash and Temporary Investments, June 30	<u><u>\$ 11,088,916</u></u>

**RECONCILIATION OF OPERATING INCOME (LOSS)****TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income ( Loss )	\$ (2,037,162)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Depreciation and Amortization Expense	2,858,442
(Increase) Decrease in Intergovernmental Receivables	970,774
(Increase) Decrease in Land Inventory	547,787
(Increase) Decrease in Deferred Outflow of Resources	117,707
Increase (Decrease) in Vouchers and Accounts Payable	(697,985)
Increase (Decrease) in Deferred Inflow of Resources	(21,855)
Total Adjustments	<u>\$ 3,774,870</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 1,737,708</u></u>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:**

Capital Contributions of Capital Assets	<u><u>\$ 1,624,500</u></u>
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# **INTERNAL SERVICE FUNDS**





## **INTERNAL SERVICE FUNDS**

The Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis. The City has established Internal Service Funds for the following activities:

**City Garage** - provides vehicles repairs, parts, fuel and related services to City departments.

**Risk Management** - provides insurance, claims handling, risk identification, and consulting services to City departments.

**School Site Landscaping** - provides for landscaping services for City and Schools.

**Telecommunications** – provides maintenance, support, contract administration, cable management, billing, dial tone provision, service coordination, moves, adds, and changes for the City's telephone system.

**Subscriptions** – provides for the collection and support of specific service agreements between customer departments and Communications and Information Technology. These specific agreements relate to specialized applications, services, and/or hardware associated with the customer department, not enterprise needs.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<u>City Garage</u>	<u>Risk Management</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and Investments	\$ 3,277,629	\$ 8,390,709
Inventory	827,624	-
Total Current Assets	<u>4,105,253</u>	<u>8,390,709</u>
Noncurrent Assets:		
Capital Assets:		
Site Improvements	265,782	-
Machinery and Equipment	2,353,844	293,215
Total Property, Plant and Equipment	<u>2,619,626</u>	<u>293,215</u>
Less: Accumulated Depreciation	<u>(1,998,587)</u>	<u>(293,215)</u>
Net Property, Plant and Equipment	<u>621,039</u>	<u>-</u>
Total Assets	<u>\$ 4,726,292</u>	<u>\$ 8,390,709</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Support and Maintenance	\$ 234,446	\$ -
FY15 VRS Employer Contributions	604,522	62,955
	<u>\$ 838,968</u>	<u>\$ 62,955</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities:		
Vouchers and Accounts Payable	\$ 1,040,482	\$ 316,940
Current Portion of Long-term Liabilities	340,575	6,419,065
Total Current Liabilities	<u>1,381,057</u>	<u>6,736,005</u>
Noncurrent Liabilities:		
Net Pension Liability	4,126,950	429,779
Long-term Liabilities (less current portion)	205,183	24,469,127
Total Noncurrent Liabilities	<u>4,332,133</u>	<u>24,898,906</u>
Total Liabilities	<u>\$ 5,713,190</u>	<u>\$ 31,634,911</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Net Difference between Projected and Actual Earnings on Plan Investments	\$ 1,071,540	\$ 111,590
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	\$ 621,039	\$ -
Unrestricted	(1,840,509)	(23,292,837)
Total Net Position	<u>\$ (1,219,470)</u>	<u>\$ (23,292,837)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

<b>School Site Landscaping</b>	<b>Telecommunications</b>	<b>Subscriptions</b>	<b>Totals</b>
\$ 435,957	\$ 2,745,318	\$ 5,632,735	\$ 20,482,348
-	-	-	827,624
435,957	2,745,318	5,632,735	21,309,972
-	-	-	265,782
2,763,693	-	777,354	6,188,106
2,763,693	-	777,354	6,453,888
(2,449,311)	-	(409,488)	(5,150,601)
314,382	-	367,866	1,303,287
\$ 750,339	\$ 2,745,318	\$ 6,000,601	\$ 22,613,259
\$ -	\$ -	\$ -	\$ 234,446
293,406	92,127	-	1,053,010
\$ 293,406	\$ 92,127	\$ -	\$ 1,287,456
\$ 130,801	\$ 81,346	\$ 454,688	\$ 2,024,257
104,502	37,287	-	6,901,429
235,303	118,633	454,688	8,925,686
2,003,025	628,932	-	7,188,686
2,614	18,537	-	24,695,461
2,005,639	647,469	-	31,884,147
\$ 2,240,942	\$ 766,102	\$ 454,688	\$ 40,809,833
\$ 520,075	\$ 163,299	\$ -	\$ 1,866,504
\$ 314,382	\$ -	\$ 367,866	\$ 1,303,287
(2,031,654)	1,908,044	5,178,047	(20,078,909)
\$ (1,717,272)	\$ 1,908,044	\$ 5,545,913	\$ (18,775,622)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>City Garage</u>	<u>Risk Management</u>
<b><u>OPERATING REVENUES</u></b>		
Billings to Departments	\$ 17,763,927	\$ 14,688,995
Insurance Recovery	97,778	96,930
Miscellaneous	-	-
Total Operating Revenues	<u>\$ 17,861,705</u>	<u>\$ 14,785,925</u>
<b><u>OPERATING EXPENSES</u></b>		
Cost of Goods Sold	\$ 10,877,464	\$ -
Personal Services	4,012,113	407,523
Fringe Benefits	1,226,646	113,207
Contractual Services	516,998	323,435
Internal Services	327,854	7,349
Other Charges	650,334	21,681,050
Depreciation	217,384	-
Total Operating Expenses	<u>\$ 17,828,793</u>	<u>\$ 22,532,564</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>\$ 32,912</u>	<u>\$ (7,746,639)</u>
<b><u>NONOPERATING REVENUES (EXPENSES) AND TRANSFERS</u></b>		
Interest Income	\$ 19,375	\$ 30,951
Transfers In	-	3,639,476
Transfers Out	-	-
Gain (Loss) on Disposition of Assets	85,041	-
Total Nonoperating Revenues (Expenses)	<u>\$ 104,416</u>	<u>\$ 3,670,427</u>
<b><u>CHANGE IN NET POSITION</u></b>	137,328	(4,076,212)
<b><u>TOTAL NET POSITION - BEGINNING - RESTATED</u></b>	<u>(1,356,798)</u>	<u>(19,216,625)</u>
<b><u>TOTAL NET POSITION - ENDING</u></b>	<u>\$ (1,219,470)</u>	<u>\$ (23,292,837)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>School Site Landscaping</b>	<b>Telecommunications</b>	<b>Subscriptions</b>	<b>Totals</b>
\$ 3,884,352	\$ 3,103,018	\$ 2,332,311	\$ 41,772,603
-	-	-	194,708
-	23,701	-	23,701
<u>\$ 3,884,352</u>	<u>\$ 3,126,719</u>	<u>\$ 2,332,311</u>	<u>\$ 41,991,012</u>
\$ -	\$ -	\$ -	\$ 10,877,464
1,835,364	664,487	-	6,919,487
680,294	161,917	-	2,182,064
362,759	549,934	1,346,489	3,099,615
477,900	50,766	-	863,869
403,235	1,257,863	833,614	24,826,096
127,815	-	47,543	392,742
<u>\$ 3,887,367</u>	<u>\$ 2,684,967</u>	<u>\$ 2,227,646</u>	<u>\$ 49,161,337</u>
<u>\$ (3,015)</u>	<u>\$ 441,752</u>	<u>\$ 104,665</u>	<u>\$ (7,170,325)</u>
\$ 1,437	\$ 7,232	\$ 15,557	\$ 74,552
-	-	-	3,639,476
-	(1,500,000)	-	(1,500,000)
-	-	(1,197)	83,844
<u>\$ 1,437</u>	<u>\$ (1,492,768)</u>	<u>\$ 14,360</u>	<u>\$ 2,297,872</u>
(1,578)	(1,051,016)	119,025	(4,872,453)
<u>(1,715,694)</u>	<u>2,959,060</u>	<u>5,426,888</u>	<u>(13,903,169)</u>
<u>\$ (1,717,272)</u>	<u>\$ 1,908,044</u>	<u>\$ 5,545,913</u>	<u>\$ (18,775,622)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>City Garage</u>	<u>Risk Management</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Receipts from Customers and Users	\$ 17,861,705	\$ 14,785,925
Cash Payments to Suppliers of Goods and Services	(12,187,231)	(16,402,549)
Cash Payments to Employees for Services	(5,514,051)	(569,004)
Net Cash Provided (Used) By Operating Activities	<u>\$ 160,423</u>	<u>\$ (2,185,628)</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>		
Receipts from Other Funds	\$ -	\$ 3,639,476
Payments to Other Funds	-	-
Net Cash Provided (Used) By Noncapital Financing Activities	<u>\$ -</u>	<u>\$ 3,639,476</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Acquisition and Construction of Capital Assets	\$ (236,492)	\$ -
Proceeds from Sale of Salvage	85,041	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>\$ (151,451)</u>	<u>\$ -</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Interest and Dividends Received	<u>\$ 19,375</u>	<u>\$ 30,951</u>
Net Increase (Decrease) in Cash and Temporary Investments	\$ 28,347	\$ 1,484,799
Cash and Temporary Investments, July 1	<u>3,249,282</u>	<u>6,905,910</u>
Cash and Temporary Investments, June 30	<u><u>\$ 3,277,629</u></u>	<u><u>\$ 8,390,709</u></u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>		
Operating Income (Loss)	\$ 32,912	\$ (7,746,639)
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided (Used) By Operating Activities:		
Depreciation Expense	217,384	-
(Increase) Decrease in Accounts Receivable	-	-
(Increase) Decrease in Inventory	15,066	-
(Increase) Decrease in Deferred Outflow of Resources	(80,026)	-
Increase (Decrease) in Vouchers and Accounts Payable	250,379	213,965
Increase (Decrease) in Net Pension Liability	(246,827)	(25,705)
Increase (Decrease) in Estimated Claims and Judgments	-	5,395,320
Increase (Decrease) in Accrued Compensated Leave	(28,465)	(22,569)
Total Adjustments	<u>\$ 127,511</u>	<u>\$ 5,561,011</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 160,423</u></u>	<u><u>\$ (2,185,628)</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>School Site Landscaping</b>	<b>Telecommunications</b>	<b>Subscriptions</b>	<b>Totals</b>
\$ 3,884,352	\$ 3,128,514	\$ 2,332,311	\$ 41,992,807
(1,196,010)	(1,878,097)	(1,812,611)	(33,476,498)
<u>(2,670,032)</u>	<u>(863,391)</u>	<u>-</u>	<u>(9,616,478)</u>
<u>\$ 18,310</u>	<u>\$ 387,026</u>	<u>\$ 519,700</u>	<u>\$ (1,100,169)</u>
\$ -	\$ -	\$ -	\$ 3,639,476
-	(1,500,000)	-	(1,500,000)
<u>\$ -</u>	<u>\$ (1,500,000)</u>	<u>\$ -</u>	<u>\$ 2,139,476</u>
\$ (138,012)	\$ -	\$ (315,000)	\$ (689,504)
-	-	-	85,041
<u>\$ (138,012)</u>	<u>\$ -</u>	<u>\$ (315,000)</u>	<u>\$ (604,463)</u>
\$ 1,437	\$ 7,232	\$ 15,557	\$ 74,552
\$ (118,265)	\$ (1,105,742)	\$ 220,257	\$ 509,396
<u>554,222</u>	<u>3,851,060</u>	<u>5,412,478</u>	<u>19,972,952</u>
<u>\$ 435,957</u>	<u>\$ 2,745,318</u>	<u>\$ 5,632,735</u>	<u>\$ 20,482,348</u>
\$ (3,015)	\$ 441,752	\$ 104,665	\$ (7,170,325)
127,815	-	47,543	392,742
-	1,795	-	1,795
-	-	-	15,066
-	-	-	(80,026)
47,884	(19,534)	367,492	860,186
(119,798)	(37,616)	-	(429,946)
-	-	-	5,395,320
<u>(34,576)</u>	<u>629</u>	<u>-</u>	<u>(84,981)</u>
<u>\$ 21,325</u>	<u>\$ (54,726)</u>	<u>\$ 415,035</u>	<u>\$ 6,070,156</u>
<u>\$ 18,310</u>	<u>\$ 387,026</u>	<u>\$ 519,700</u>	<u>\$ (1,100,169)</u>

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# **TRUST AND AGENCY FUNDS**



## TRUST FUNDS and AGENCY FUNDS

Trust Funds and Agency Funds are used to account for the assets held by a governmental unit as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds do not involve the measurement of results of operations, as they are custodial in nature (assets = liabilities).

The City has the following Trust Funds:

**Other Postemployment Benefits** – established by the City and School Board in accordance with Article 8, Chapter 15, Subtitle II of Title 15.2, of the Virginia Code, for the purpose of accumulating and investing assets to fund OPEB obligations.

**Sheriff's Office Pension** – accounts for the plan assets of the defined contribution pension plan established by the Sheriff's Office and approved by Council.

The City has the following Agency Funds:

**Escheat Property** – funds held on behalf of others payable to the Commonwealth of Virginia.

**Special Welfare** - is established under the authority of Section 63.1-51, Code of Virginia, as amended. This fund accounts for Social Security or Veteran's Administration benefits for specific individuals for which the City is acting as the custodian. It also accounts for donations and the provision for emergency assistance to indigent citizens.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2015**

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	<u>Escheat Property</u>	<u>Special Welfare</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 4,481	\$ 216,340	\$ 220,821
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>LIABILITIES</u></b>			
Vouchers and Accounts Payable	\$ 4,481	\$ 216,340	\$ 220,821
	<u>                    </u>	<u>                    </u>	<u>                    </u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b><u>SPECIAL WELFARE</u></b>				
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 337,260	\$ 782,235	\$ 903,155	\$ 216,340
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	\$ 337,260	\$ 782,235	\$ 903,155	\$ 216,340
<b><u>ESCHEAT PROPERTY</u></b>				
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 3,010	\$ 260,419	\$ 258,948	\$ 4,481
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	\$ 3,010	\$ 260,419	\$ 258,948	\$ 4,481
<b><u>TOTALS-ALL AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 340,270	\$ 1,042,654	\$ 1,162,103	\$ 220,821
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	\$ 340,270	\$ 1,042,654	\$ 1,162,103	\$ 220,821

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TRUST FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2015**

	<b>Other Postemployment Benefits Trust Fund</b>	<b>Sheriff's Office Pension Trust Fund</b>	<b>Total Trust Funds</b>
<b><u>ASSETS</u></b>			
General Account	\$ -	\$ 4,764	\$ 4,764
Investments, at Fair Value:			
Mutual Funds	58,582,469	3,859,831	62,442,300
Total Assets	<u>\$ 58,582,469</u>	<u>\$ 3,864,595</u>	<u>\$ 62,447,064</u>
<b><u>LIABILITIES</u></b>			
Vouchers and Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>NET POSITION</u></b>			
Held in Trust for Other Postemployment Benefits and Pension Benefits	<u>\$ 58,582,469</u>	<u>\$ 3,864,595</u>	<u>\$ 62,447,064</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Other Postemployment Benefits Trust Fund</b>	<b>Sheriff's Office Pension Trust Fund</b>	<b>Total Trust Funds</b>
<b><u>ADDITIONS</u></b>			
Contributions:			
From Primary Government	\$ 13,091,400	\$ 10,173	\$ 13,101,573
From Plan Members	5,103,826	-	5,103,826
Total Contributions	<u>18,195,226</u>	<u>10,173</u>	<u>18,205,399</u>
Investment Earnings:			
Increase (Decrease) in the Fair Value of Investments	1,283,543	318,751	1,602,294
Interest and Dividends	-	79,235	79,235
Total Investment Earnings	<u>1,283,543</u>	<u>397,986</u>	<u>1,681,529</u>
Less Investment Expense	56,589	-	56,589
Net Investment Earnings	<u>1,226,954</u>	<u>397,986</u>	<u>1,624,940</u>
Total Additions	<u>\$ 19,422,180</u>	<u>\$ 408,159</u>	<u>\$ 19,830,339</u>
<b><u>DEDUCTIONS</u></b>			
Benefits	\$ 18,192,526	\$ 375,395	\$ 18,567,921
Administrative Expenses	1,000	1,082	2,082
Total Deductions	<u>\$ 18,193,526</u>	<u>\$ 376,477</u>	<u>\$ 18,570,003</u>
Change in Net Position	1,228,654	31,682	1,260,336
Net Position at Beginning of Year	<u>57,353,815</u>	<u>3,832,913</u>	<u>61,186,728</u>
Net Position at End of Year	<u>\$ 58,582,469</u>	<u>\$ 3,864,595</u>	<u>\$ 62,447,064</u>

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**DISCRETELY PRESENTED**

**SCHOOL BOARD COMPONENT UNIT**



## **DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**

### ***Major Governmental Funds:***

**School Operating Fund** - is the general operating fund of the School Board which is used to account for all of the financial resources, except those required to be accounted for in another fund.

**School Grants Special Revenue Fund** - accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if required).

**School Textbooks Special Revenue Fund** - accounts for the financing (e.g., Commonwealth of Virginia) and acquisition of textbooks and related materials used in the school division.

**School Capital Projects Fund** – accounts for all revenues and expenditures related to the construction of the School’s fixed assets and infrastructure.

### ***Nonmajor Governmental Funds:***

**School Cafeterias** – accounts for the revenues (e.g., Commonwealth of Virginia, Federal Government) and expenditures associated with the food services operations of the school division.

**School Communication Towers/Technology** – accounts for the rent receipts (long-term contracts with telecommunication companies) relating to the communication towers constructed on School Board property and technology related expenditures.

**School Vending Operations** – accounts for the receipts (long-term exclusive contract with a vending company) relating to the bottled drinks vending operations of the school division and expenditures (including school-level allocations).

**School Equipment Replacement** – accounts for the financing (e.g., local government) and acquisition of various replacement equipment.

### ***Internal Service Funds:***

**School Risk Management** - provides insurance and the administration thereof for the School Board.

**School Health Insurance** - provides health insurance and the administration thereof for the School Board and City employees.

### ***Agency Funds:***

**Payroll Deductions** - accounts for employee payroll deductions.

**Fringe Benefits** - accounts for the School Board contributions for certain fringe benefits (e.g., life insurance, retirement).

**School Activity Accounts** - accounts for the individual school activity accounts.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and Temporary Investments	\$ 116,552,967
Accounts Receivable	864,558
Due from Commonwealth	15,191,540
Due from Federal Government	14,666,707
Inventories	486,640
Prepaid Items	1,100,793
Total Current Assets	<u>\$ 148,863,205</u>
Noncurrent Assets:	
Capital Assets:	
Land	\$ 39,670,603
Buildings, Improvements, Equipment and Vehicles (net of accumulated depreciation)	435,216,580
Construction in Progress	26,318,706
Total Noncurrent Assets	<u>\$ 501,205,889</u>
Total Assets	<u>\$ 650,069,094</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	<u>\$ 59,591,000</u>
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Salaries Payable	\$ 56,692,528
Vouchers and Accounts Payable	15,850,461
Deposits Payable	75,000
Due to Commonwealth	28,743
Due to Federal Government	87,914
Unearned Revenue	8,220,979
Long-term Liabilities (due within one year)	22,377,682
Total Current Liabilities	<u>\$ 103,333,307</u>
Noncurrent Liabilities:	
Net Pension Liability	634,760,000
Long-term Liabilities (due in more than one year)	14,715,642
Total Liabilities	<u>\$ 752,808,949</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	<u>\$ 117,741,000</u>
<b><u>NET POSITION</u></b>	
Investment in Capital Assets	\$ 501,205,889
Restricted for:	
Capital Projects	13,318,732
Grants	456,630
Cafeterias	4,469,528
Textbooks	11,688,657
Unrestricted	<u>(692,029,291)</u>
Total Net Position	<u><u>\$ (160,889,855)</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

		Program Revenues			Net (Expenses) Revenues and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
Instruction	\$ 573,574,157	\$ 2,735,642	\$ 118,362,574	\$ -	\$ (452,475,941)
Admin, Attendance, & Health	20,641,696	-	-	-	(20,641,696)
Pupil Transportation	33,364,815	-	-	-	(33,364,815)
Operations and Maintenance	88,194,131	597,144	62,483	-	(87,534,504)
Cafeterias	27,720,826	10,591,205	17,195,879	-	66,258
Technology	38,168,996	625,937	6,340,792	-	(31,202,267)
Total Governmental Activities	<u>\$ 781,664,621</u>	<u>\$ 14,549,928</u>	<u>\$ 141,961,728</u>	<u>\$ -</u>	<u>\$ (625,152,965)</u>

General Revenues:

## Local Sources:

Local Government	\$ 378,687,744
Miscellaneous	842,365

## Federal and State Aid not Restricted to Specific Purposes:

State Basic Aid	175,008,994
State Sales Tax	70,376,559
Federal Impact Aid	12,314,580
Interest Earnings	104,798

Total General Revenues	<u>\$ 637,335,040</u>
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Change in Net Position	12,182,075
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Total Net Position - July 1 - Restated	<u>(173,071,930)</u>
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Total Net Position - June 30	<u><u>\$ (160,889,855)</u></u>
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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	<b>School Operating</b>	<b>School Grants</b>	<b>School Textbooks</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>						
Cash and Temporary Investments	\$ 43,739,046	\$ -	\$ 11,703,499	\$ 19,431,674	\$ 9,544,596	\$ 84,418,815
Accounts Receivable	263,941	83,980	149	-	20,167	368,237
Due from Other Funds	13,459,450	-	-	-	-	13,459,450
Due from Commonwealth	10,261,021	4,813,100	-	-	-	15,074,121
Due from Federal Government	762,952	12,811,406	-	-	1,092,349	14,666,707
Inventories	-	-	-	-	486,640	486,640
Prepaid Items	1,095,915	-	-	-	3,074	1,098,989
Total Assets	<u>\$ 69,582,325</u>	<u>\$ 17,708,486</u>	<u>\$ 11,703,648</u>	<u>\$ 19,431,674</u>	<u>\$ 11,146,826</u>	<u>\$ 129,572,959</u>
<b><u>LIABILITIES</u></b>						
Salaries Payable	\$ 52,881,895	\$ 2,859,483	\$ 81	\$ 12,474	\$ 937,986	\$ 56,691,919
Vouchers and Accounts Payable	5,501,003	542,749	14,910	5,574,601	593,080	12,226,343
Deposits Payable	-	-	-	-	75,000	75,000
Due to Other Funds	-	13,459,450	-	-	-	13,459,450
Due to Commonwealth	28,272	471	-	-	-	28,743
Due to Federal Government	-	-	-	87,914	-	87,914
Unearned Revenue	407,794	389,703	-	-	403,615	1,201,112
Total Liabilities	<u>\$ 58,818,964</u>	<u>\$ 17,251,856</u>	<u>\$ 14,991</u>	<u>\$ 5,674,989</u>	<u>\$ 2,009,681</u>	<u>\$ 83,770,481</u>
<b><u>FUND BALANCES</u></b>						
Nonspendable	\$ 1,095,915	\$ -	\$ -	\$ -	\$ 489,714	\$ 1,585,629
Restricted	-	456,630	11,688,657	13,318,732	4,469,528	29,933,547
Committed	-	-	-	437,953	-	437,953
Assigned	9,667,446	-	-	-	4,177,903	13,845,349
Total Fund Balances	<u>\$ 10,763,361</u>	<u>\$ 456,630</u>	<u>\$ 11,688,657</u>	<u>\$ 13,756,685</u>	<u>\$ 9,137,145</u>	<u>\$ 45,802,478</u>
Total Liabilities and Fund Balances	<u>\$ 69,582,325</u>	<u>\$ 17,708,486</u>	<u>\$ 11,703,648</u>	<u>\$ 19,431,674</u>	<u>\$ 11,146,826</u>	<u>\$ 129,572,959</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 44)  
are different from amounts reported for governmental funds in this exhibit because:

Total Fund Balances - Governmental Funds (this exhibit)	\$	45,802,478
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Capital assets used in governmental activities are not financial resources and,  
therefore, are not reported in the governmental funds.

	\$	883,349,911	
Cost of Capital Assets			
less: Accumulated Depreciation		382,144,022	501,205,889

Long-term liabilities are not due and payable in the current period and, therefore, are  
not reported as liabilities in the governmental funds. Long-term liabilities at year end  
consist of the following:

Compensated Absences		(19,975,324)
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Internal Service Funds are used to account for the risk management and health  
insurance programs; and related charges to the various governmental funds. The assets  
and liabilities of the internal service funds are included in governmental activities in  
the Statement of Net Position.

	\$	32,749,696	
Total Assets			
less: Total Liabilities		27,762,594	
Total Net Position			4,987,102

Governmental Accounting Standards Board Statement Number 68 on Accounting and  
Financial Reporting for Pensions was implemented in Fiscal Year 2015 (Note 8).  
Pensions are not reported in the governmental funds.

	\$	(634,760,000)	
Net Pension Liability			
Deferred Outflows of Resources		59,591,000	
Deferred Inflows of Resources		(117,741,000)	(692,910,000)

Total Net Position - Governmental Activities (Exhibit 44)	\$	(160,889,855)
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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>School Operating</b>	<b>School Grants</b>	<b>School Textbooks</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>REVENUES</u></b>						
From Use of Money and Property	\$ 531,220	\$ -	\$ 29,102	\$ 14,979	\$ 537,025	\$ 1,112,326
Charges for Services	1,502,667	-	975	-	10,418,077	11,921,719
Miscellaneous	2,043,925	254,101	53,445	-	365,678	2,717,149
From Local Government	352,191,199	-	-	26,496,545	-	378,687,744
From Commonwealth	320,549,574	9,562,057	3,923,666	-	527,152	334,562,449
From Federal Government	14,290,941	33,885,642	-	-	16,668,726	64,845,309
Total Revenues	<u>\$ 691,109,526</u>	<u>\$ 43,701,800</u>	<u>\$ 4,007,188</u>	<u>\$ 26,511,524</u>	<u>\$ 28,516,658</u>	<u>\$ 793,846,696</u>
<b><u>EXPENDITURES</u></b>						
Current:						
Instruction	\$ 521,306,637	\$ 41,181,709	\$ 8,512,412	\$ 142,249	\$ 299,010	\$ 571,442,017
Admin, Attendance, & Health	21,039,188	-	-	-	-	21,039,188
Pupil Transportation	29,783,772	-	-	-	-	29,783,772
Operations and Maintenance	85,027,241	-	-	4,701,899	-	89,729,140
Cafeterias	-	-	-	-	28,051,308	28,051,308
Technology	27,392,206	6,269,187	71,605	1,108,927	873,007	35,714,932
Capital Outlay	-	-	-	26,047,626	-	26,047,626
Total Expenditures	<u>\$ 684,549,044</u>	<u>\$ 47,450,896</u>	<u>\$ 8,584,017</u>	<u>\$ 32,000,701</u>	<u>\$ 29,223,325</u>	<u>\$ 801,807,983</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES</u></b>						
<b><u>OVER (UNDER) EXPENDITURES</u></b>	<u>\$ 6,560,482</u>	<u>\$ (3,749,096)</u>	<u>\$ (4,576,829)</u>	<u>\$ (5,489,177)</u>	<u>\$ (706,667)</u>	<u>\$ (7,961,287)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Transfers In	\$ -	\$ 3,146,753	\$ -	\$ -	\$ -	\$ 3,146,753
Transfers Out	(3,146,753)	-	-	-	-	(3,146,753)
Total Other Financing Sources (Uses)	<u>\$ (3,146,753)</u>	<u>\$ 3,146,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>NET CHANGE IN FUND BALANCES</u></b>	<u>3,413,729</u>	<u>(602,343)</u>	<u>(4,576,829)</u>	<u>(5,489,177)</u>	<u>(706,667)</u>	<u>(7,961,287)</u>
<b><u>FUND BALANCES - JULY 1</u></b>	<u>7,349,632</u>	<u>1,058,973</u>	<u>16,265,486</u>	<u>19,245,862</u>	<u>9,843,812</u>	<u>53,763,765</u>
<b><u>FUND BALANCES - JUNE 30</u></b>	<u>\$ 10,763,361</u>	<u>\$ 456,630</u>	<u>\$ 11,688,657</u>	<u>\$ 13,756,685</u>	<u>\$ 9,137,145</u>	<u>\$ 45,802,478</u>



**CITY OF VIRGINIA BEACH, VIRGINIA  
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Amounts reported for governmental activities in the Statement of Activities (Exhibit 45)  
are different from amounts reported for governmental funds in this exhibit because:

Net Change in Fund Balances - Governmental Funds (this exhibit)	\$ (7,961,287)
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year.

3,575,215

Compensated absences (annual, sick, and personal leave) are reported in governmental funds as expenditures, which are measured by the amount of financial resources used (essentially, the amounts actually paid). However, for governmental activities those costs are shown and measured by the net of the amounts of leave used and earned for the fiscal year in the Statement of Activities.

Leave Used	\$ 9,261,342	
Leave Earned	<u>(8,634,339)</u>	627,003

Internal Service Funds are used to account for the risk management and health insurance programs, and related charges to the various governmental funds. The change in net position for the Internal Service Funds for the fiscal year is reported with governmental activities in the Statement of Activities.

Risk Management	\$ 352,685	
Health Insurance	<u>(1,341,335)</u>	(988,650)

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a "tenancy in common" with the School Board whenever the City incurs "on-behalf" of debt for any school property owned by the School Board which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable "on-behalf" of debt at June 30, 2015. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.

4,670,794

Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in Fiscal Year 2015 (Note 8). This amount is the Pension Expense for the fiscal year.

Pension Expense	\$ (47,332,000)	
Deferred Outflow	<u>59,591,000</u>	<u>12,259,000</u>

Change in Net Position of governmental activities in the Statement of Activities (Exhibit 45)	<u><u>\$ 12,182,075</u></u>
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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**SCHOOL OPERATING SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>REVENUES</u></b>				
<b><u>From Use of Money and Property</u></b>				
Rents	\$ 450,000	\$ 450,000	\$ 531,220	\$ 81,220
<b><u>Charges for Services</u></b>				
Tuition and Educational Fees	\$ 1,481,100	\$ 1,481,100	\$ 1,502,667	\$ 21,567
<b><u>Miscellaneous Revenue</u></b>				
Sale of Salvage	\$ 12,000	\$ 12,000	\$ 597,314	\$ 585,314
Insurance Proceeds	-	-	39,636	39,636
Donations	-	-	20,566	20,566
Miscellaneous	224,703	224,703	158,416	(66,287)
Indirect Costs	550,000	550,000	669,224	119,224
Athletics	504,000	504,000	525,326	21,326
Instructional Technology	-	-	33,443	33,443
Total Miscellaneous Revenue	\$ 1,290,703	\$ 1,290,703	\$ 2,043,925	\$ 753,222
<b><u>From Local Government</u></b>				
City - General Fund	\$ 347,147,194	\$ 347,872,194	\$ 335,555,661	\$ (12,316,533)
City - School Reserve Fund	16,000,000	16,000,000	16,000,000	-
City for Consolidated Benefits Office	722,283	722,283	635,538	(86,745)
Total From Local Government	\$ 363,869,477	\$ 364,594,477	\$ 352,191,199	\$ (12,403,278)
<b><u>From Commonwealth</u></b>				
Basic Aid	\$ 177,241,022	\$ 177,241,022	\$ 175,008,994	\$ (2,232,028)
Reimbursement-Social Security	10,329,005	10,329,005	10,235,297	(93,708)
Reimbursement-Retirement	21,151,828	21,151,828	20,796,818	(355,010)
Reimbursement-Life Insurance	699,574	699,574	652,449	(47,125)
Remedial Education	4,073,990	4,073,990	4,037,029	(36,961)
Remedial Education-Summer School	366,598	366,598	382,674	16,076
Special Education	18,188,926	18,188,926	18,023,909	(165,017)
Special Education-Regional Program	8,608,309	8,608,309	8,981,792	373,483
Special Education-Homebound	86,033	86,033	95,258	9,225
Special Education-Foster Children	-	-	95,177	95,177
Foster Home Children	229,378	229,378	166,861	(62,517)
Vocational	2,139,874	2,139,874	2,120,460	(19,414)
Vocational-Occupational/Tech	287,278	287,278	216,771	(70,507)
Vocational-Adult Education	-	-	87,538	87,538
Sales Tax	70,065,298	70,065,298	70,376,559	311,261
Class Size Initiative	4,295,554	4,295,554	4,385,528	89,974
At-Risk Initiative	2,358,729	2,358,729	2,336,911	(21,818)
English as a Second Language	564,188	564,188	594,967	30,779
Math/Reading Instructional Specialists	38,067	38,067	38,012	(55)
Gifted and Talented Aid	1,934,117	1,934,117	1,916,570	(17,547)
Total From Commonwealth	\$ 322,657,768	\$ 322,657,768	\$ 320,549,574	\$ (2,108,194)

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**SCHOOL OPERATING SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>REVENUES (continued)</u></b>				
<b><u>From Federal Government</u></b>				
Public Law 874	\$ 13,711,723	\$ 13,711,723	\$ 8,711,239	\$ (5,000,484)
Public Law 874-Special Education	-	-	1,170,595	1,170,595
Dept of the Navy-NJROTC	100,000	100,000	323,105	223,105
Department of Defense	1,500,000	1,500,000	1,939,688	439,688
Dept of Defense Special Education	-	-	493,058	493,058
Medicaid Reimbursement	664,809	664,809	1,360,103	695,294
Medicaid Reimbursement - Transportation	-	-	217,628	217,628
Library of Congress	-	-	74,944	74,944
Other Federal Funds	-	-	581	581
Total From Federal Government	<u>\$ 15,976,532</u>	<u>\$ 15,976,532</u>	<u>\$ 14,290,941</u>	<u>\$ (1,685,591)</u>
 Total Revenues	 <u>\$ 705,725,580</u>	 <u>\$ 706,450,580</u>	 <u>\$ 691,109,526</u>	 <u>\$ (15,341,054)</u>
<b><u>EXPENDITURES</u></b>				
<b><u>Current</u></b>				
<b><u>Instruction</u></b>				
Elementary Classroom	\$ 145,680,967	\$ 145,684,032	\$ 142,017,147	\$ 3,666,885
Senior High Classroom	75,924,556	76,075,147	73,200,811	2,874,336
Technical and Career Education	17,201,825	17,279,818	16,866,793	413,025
Gifted Education and Academy Programs	13,373,477	13,401,283	12,772,627	628,656
Special Education	86,371,237	86,463,958	85,319,759	1,144,199
Summer School	1,998,296	1,966,929	1,907,372	59,557
General Adult Education	1,756,784	1,749,774	1,622,467	127,307
Alternative Education-Renaissance	6,587,956	6,598,544	6,240,217	358,327
Student Activities	3,069,546	3,088,925	3,073,880	15,045
Student Athletics	4,922,642	5,148,828	4,940,010	208,818
Office/Principal - Elementary	24,397,154	24,377,955	24,282,678	95,277
Office/Principal - Senior High	10,769,358	10,692,063	10,034,221	657,842
Office/Principal - Tech & Career	575,167	574,456	568,239	6,217
Guidance Services	16,045,044	15,831,649	15,827,697	3,952
Social Work Services	3,160,921	3,364,687	3,222,485	142,202
Media and Communications	1,669,139	1,663,418	1,545,455	117,963
Instructional Support	11,876,798	11,940,378	11,697,737	242,641
Instructional Center for Teacher Leadership	1,333,431	1,340,138	1,209,138	131,000
Diversity	9,775	9,775	5,043	4,732
Special Education Support	3,023,718	3,026,700	2,702,286	324,414
Gifted Education and Academy Programs Support	2,234,551	2,242,007	2,069,247	172,760
Media Services Support	12,553,387	12,587,072	12,557,365	29,707
Educational Leadership and Assessment	2,933,577	2,735,372	2,207,776	527,596
Middle School Classroom	58,274,060	58,506,779	58,064,237	442,542
Remedial Education	7,397,577	7,411,226	7,192,356	218,870
Office/Principal - Middle Schools	8,758,767	9,006,620	9,004,956	1,664
Homebound Services	403,114	403,189	373,973	29,216
Technical and Career Ed Support	956,757	957,731	888,338	69,393
Student Leadership	1,277,939	1,290,963	1,290,462	501
Psychological Services	3,571,936	3,575,696	3,405,330	170,366
Audiological Services	425,515	428,132	427,331	801
School Administration	1,535,789	1,537,232	1,440,597	96,635
Alternative Education	1,387,215	1,392,673	1,288,897	103,776
Green Run Collegiate Public Charter	2,233,351	2,236,074	2,039,710	196,364
Total Instruction	<u>\$ 533,691,326</u>	<u>\$ 534,589,223</u>	<u>\$ 521,306,637</u>	<u>\$ 13,282,586</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**SCHOOL OPERATING SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>EXPENDITURES (continued)</u></b>				
<b><u>Admin, Attendance, &amp; Health</u></b>				
Board, Legal, & Governmental	\$ 1,005,667	\$ 1,064,751	\$ 1,002,060	\$ 62,691
Office of the Superintendent	1,550,909	1,502,375	1,264,513	237,862
Department of Budget & Finance	3,830,317	3,835,675	3,531,398	304,277
Department of Human Resources	5,001,324	4,992,187	4,735,781	256,406
Internal Audit	421,003	421,425	416,057	5,368
Purchasing	1,046,688	1,047,954	1,020,691	27,263
Center for Teacher Leadership	552,976	553,415	460,155	93,260
Consolidated Benefits Office	1,931,016	1,932,102	1,678,193	253,909
Health Services	7,335,343	7,344,273	6,930,315	413,958
Green Run Collegiate Public Charter	8,000	8,000	25	7,975
Total Admin, Attendance, & Health	\$ 22,683,243	\$ 22,702,157	\$ 21,039,188	\$ 1,662,969
<b><u>Pupil Transportation</u></b>				
Management	\$ 2,199,471	\$ 2,162,644	\$ 2,162,144	\$ 500
Vehicle Operation	17,707,926	16,695,018	16,694,518	500
Vehicle Operation - Special Education	5,205,618	6,217,214	5,013,360	1,203,854
Vehicle Maintenance	3,000,838	2,904,168	2,884,210	19,958
Monitoring Services	2,912,732	2,870,981	2,870,480	501
Green Run Collegiate Public Charter	159,128	159,128	159,060	68
Total Pupil Transportation	\$ 31,185,713	\$ 31,009,153	\$ 29,783,772	\$ 1,225,381
<b><u>Operations and Maintenance</u></b>				
Facility Planning & Construction	\$ 757,097	\$ 758,485	\$ 710,605	\$ 47,880
School Plant	43,308,460	47,902,023	42,916,463	4,985,560
Supply Services	1,615,477	1,600,475	1,501,532	98,943
Grounds Services	3,884,352	3,884,352	3,884,352	-
Custodial Services	28,999,318	27,147,781	26,890,109	257,672
Safety and Loss Control	6,805,334	6,807,784	6,600,432	207,352
Vehicle Services	1,054,082	1,401,125	1,243,607	157,518
Telecommunications	1,056,449	1,548,661	1,280,141	268,520
Green Run Collegiate Public Charter	21,400	21,400	-	21,400
Total Operations & Maintenance	\$ 87,501,969	\$ 91,072,086	\$ 85,027,241	\$ 6,044,845
<b><u>Technology</u></b>				
Instruction	\$ 15,002,432	\$ 16,988,065	\$ 15,576,712	\$ 1,411,353
Admin, Attendance & Health	1,627,213	1,470,594	1,302,596	167,998
Pupil Transportation	89,648	302,498	272,380	30,118
Operations and Maintenance	10,572,534	11,194,307	10,194,397	999,910
Green Run Collegiate Public Charter	25,000	77,560	46,121	31,439
Total Technology	\$ 27,316,827	\$ 30,033,024	\$ 27,392,206	\$ 2,640,818
Total Expenditures	\$ 702,379,078	\$ 709,405,643	\$ 684,549,044	\$ 24,856,599
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	\$ 3,346,502	\$ (2,955,063)	\$ 6,560,482	\$ 9,515,545
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	\$ (3,521,202)	\$ (3,472,436)	\$ (3,146,753)	\$ 325,683
Sale of Capital Assets	15,000	15,000	-	(15,000)
Total Other Financing Sources (Uses)	\$ (3,506,202)	\$ (3,457,436)	\$ (3,146,753)	\$ 310,683
<b><u>NET CHANGE IN FUND BALANCE</u></b>	(159,700)	(6,412,499)	3,413,729	9,826,228
<b><u>FUND BALANCE - JULY 1</u></b>	7,349,632	7,349,632	7,349,632	-
<b><u>FUND BALANCE - JUNE 30</u></b>	\$ 7,189,932	\$ 937,133	\$ 10,763,361	\$ 9,826,228

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**SCHOOL GRANTS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>REVENUES</u></b>				
Miscellaneous	\$ 281,837	\$ 455,000	\$ 254,101	\$ (200,899)
From Commonwealth	13,039,212	10,701,939	9,562,057	(1,139,882)
From Federal Government	39,713,858	40,617,909	33,885,642	(6,732,267)
Contingency	7,200,000	7,553,660	-	(7,553,660)
Total Revenues	<u>\$ 60,234,907</u>	<u>\$ 59,328,508</u>	<u>\$ 43,701,800</u>	<u>\$ (15,626,708)</u>
<b><u>EXPENDITURES</u></b>				
<b><u>Instruction</u></b>				
Adult Education & Family Literacy Act - FY15	\$ 390,566	\$ 381,092	\$ 381,092	\$ -
Advanced Placement Program FY15	-	57,180	57,180	-
Algebra Readiness FY14	-	20,934	20,934	-
Algebra Readiness FY15	812,022	806,252	745,953	60,299
Allstate Foundation Safe Teen Driving FY07	-	1,898	1,502	396
Asia Society Confucius Classroom Network FY13	-	4,890	770	4,120
Career Switcher Program Mentor Reimb. FY14	-	1,430	1,430	-
Career Switcher Program Mentor Reimb. FY15	11,000	11,000	11,000	-
C. Perkins Vocational & Tech. Act FY15	687,419	645,088	574,704	70,384
College Exposure Program-Rosemont ES FY15	-	1,460	1,283	177
DNA Building Block for MS Literacy FY15	-	56,754	16,525	40,229
DoDEA MCASP FY13	141,806	388,409	355,142	33,267
DoDEA MCASP FY15	850,509	705,309	333,023	372,286
DoDEA MCASP Operation PRIDE FY14	89,188	518,063	487,044	31,019
DoDEA MCASP Operation PRIDE FY15	723,387	755,929	266,851	489,078
DoDEA S-FLEP FY12	-	277	277	-
DoDEA S-FLEP FY13	12,050	7,434	7,434	-
DoDEA S-FLEP FY15	157,125	156,725	104,821	51,904
DoDEA Special Education FY15	-	95,576	4,952	90,624
Dominion Educational Partnership FY15	-	7,500	3,249	4,251
Dual Enrollment - TCC FY15	-	349,422	349,422	-
Early Reading Initiative FY14	-	452,810	452,810	-
Early Reading Initiative FY15	1,412,311	1,290,950	801,754	489,196
General Adult Education FY15	34,586	34,586	34,586	-
Girls on the Run Program-Rosemont ES FY15	-	3,113	2,310	803
Governors STEM Academy Landsdown HS FY15	-	524	-	524
Green Run Collegiate Support FY14	-	4,800	56	4,744
Green Run Collegiate Support FY15	-	8,000	8,000	-
Inclusion Leadership Support-Salem HS FY13	-	457	-	457
Industry Credentials for Students FY15	90,711	78,176	78,176	-
ISAEP FY15	62,689	62,869	62,869	-
Jail Education Program FY15	218,088	229,531	156,560	72,971
Jail Education Program FY15 LQ	-	229,531	58,873	170,658
Juvenile Detention Center FY15	950,119	734,906	710,832	24,074
Juvenile Detention Center FY15 LQ	-	734,906	243,251	491,655
LENS FY14	-	73,992	71,649	2,343
LENS FY15	49,543	-	-	-
LTG (RET) Pete Taylor Partnership Excell. FY14	-	6,579	305	6,274
McKinney Homeless FY14	-	2,548	2,548	-
McKinney Homeless FY15	70,000	70,000	11,721	58,279
MyCAA - ALC Courses FY15	5,000	2,098	2,098	-

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**SCHOOL GRANTS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>EXPENDITURES (continued)</u></b>				
<b><u>Instruction (continued)</u></b>				
MyCAA - LPN Program FY15	10,000	1,000	1,000	-
Nat'l Board Certified Teachers Stipend FY15	285,000	352,500	352,500	-
New Teacher Mentor FY15	59,325	38,401	38,401	-
NJROTC FY15	-	27,574	27,574	-
Opportunity Inc. - STEM Grant FY14	61,837	85,843	35,091	50,752
Opportunity Inc. - STEM Grant FY15	220,000	221,232	157,490	63,742
Opportunity Inc. - Adult Learning Center FY14	-	101,792	38,268	63,524
Positive Behavior Interventions & Support FY14	-	30,303	29,120	1,183
Positive Behavior Interventions & Support FY15	-	16,999	3,301	13,698
Post 9/11 GI Bill FY15	-	2,473	2,473	-
Preschool Incentive Grant FY13	-	10,725	10,725	-
Preschool Incentive Grant FY14	113,321	103,989	103,795	194
Preschool Incentive Grant FY15	474,195	474,238	371,844	102,394
Project Hope - City Wide SCA FY14	-	4,883	210	4,673
Race to GED FY15	64,188	64,188	64,188	-
Region 2 Teacher of the Year Award FY15	-	1,077	1,077	-
School Improvement - Title VI B FY14	-	56,531	55,076	1,455
School Security Equipment Grant FY15	-	1,365	1,365	-
SpEd Gov's STEM Acad.-Landstown HS FY14	-	21,401	21,379	22
Startalk Elementary Chinese Academy FY14	71,745	66,827	65,026	1,801
Startalk Elementary Chinese Academy FY15	-	88,696	12,940	75,756
STEM Teacher Recruitment/Retention FY15	-	1,000	1,000	-
Title I Part A Rosemont Award FY14	-	15,000	-	15,000
Title I Part A 128-12 FY13	275,672	32,424	32,424	-
Title I Part A 128-13 FY14	2,912,529	2,025,826	2,025,826	-
Title I Part A 128-14 FY15	9,160,828	10,425,724	7,462,025	2,963,699
Title I Part D Subpart 1 FY13	-	17,268	11,983	5,285
Title I Part D Subpart 1 FY14	28,212	5,000	5,000	-
Title I Part D Subpart 1 FY15	31,720	12,000	12,000	-
Title I Part D Subpart 1 Library Materials FY15	-	1,000	-	1,000
Title I Part D Subpart 2 FY13	3,268	13,894	13,894	-
Title I Part D Subpart 2 FY14	157,531	169,752	150,398	19,354
Title I Part D Subpart 2 FY15	227,542	187,908	16,992	170,916
Title II NCLB128-13 FY13	62,772	79,253	78,966	287
Title II NCLB128-14 FY14	201,504	287,685	261,603	26,082
Title II NCLB128-15 FY15	2,171,706	2,181,723	1,939,760	241,963
Title III Part A Immigrant & Youth FY14	15,000	26,705	26,705	-
Title III Part A Immigrant & Youth FY15	88,246	29,865	10,138	19,727
Title III Part A Language Acquisition FY13	-	2,328	2,328	-
Title III Part A Language Acquisition FY14	103,710	98,900	98,900	-
Title III Part A Language Acquisition FY15	103,710	102,897	9,857	93,040
Title IV Pell Grant FY15	-	44,282	44,282	-
Title IV Part B 21st CCLC-Tri Campus FY13	88,175	-	-	-
Title IV Part B 21st CCLC-Bayside MS FY14	71,959	42,814	42,814	-
Title IV Part B 21st CCLC-Williams ES FY14	187,500	117,108	117,108	-
Title IV Part B 21st CCLC-Williams ES FY15	-	196,579	105,692	90,887
Title IV Part B 21st CCLC-GRC FY15	-	140,277	58,860	81,417
Title VI Part B Early Childhood Supplement FY14	-	7,203	-	7,203
Title VI B PL 105-17 FY14	5,325,021	3,122,503	3,122,503	-

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**SCHOOL GRANTS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Source	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>EXPENDITURES (continued)</u></b>				
<b><u>Instruction (continued)</u></b>				
Title VI B PL 105-17 FY15	13,378,930	14,219,604	13,379,217	840,387
VA Geographic Alliance FY11	-	36	-	36
VA Initiative-At Risk Four-Year Olds FY14	-	143,439	143,439	-
VA Initiative-At Risk Four-Year Olds FY15	4,224,000	4,140,000	4,126,090	13,910
VA Star FY12	-	504	-	504
Virginia Bch Police Benevolent Assoc. FY10	-	6	6	-
Virginia Middle School Teacher Corps. FY15	35,000	55,000	55,000	-
Virtual VA Advanced Placement FY15	-	11,070	11,070	-
Contingency	7,200,000	7,553,660	-	7,553,660
Total Instruction	<u>\$ 54,182,265</u>	<u>\$ 56,275,272</u>	<u>\$ 41,181,709</u>	<u>\$ 15,093,563</u>
<b><u>Technology</u></b>				
Algebra Readiness FY15	\$ -	\$ 61,830	\$ 30,915	\$ 30,915
Career & Technical Education Equipment FY15	83,412	88,427	88,427	-
C. Perkins Vocational & Tech. Act FY14	-	55,645	55,645	-
C. Perkins Vocational & Tech. Act FY15	139,282	228,618	223,354	5,264
DNA Building Blocks for MS Literacy FY15	-	500	111	389
DoDEA MCASP FY13	-	40,936	40,936	-
DoDEA MCASP FY15	140,209	125,674	123,434	2,240
DoDEA MCASP Operation PRIDE FY14	-	13,099	13,099	-
DoDEA MCASP Operation PRIDE FY15	167,800	123,912	88,994	34,918
DoDEA S-FLEP FY15	100	500	157	343
DoDEA Special Education FY15	-	9,676	1,727	7,949
Early Reading Initiative FY14	-	139,518	139,518	-
Early Reading Initiative FY15	2,000	12,208	2,208	10,000
Governors STEM Academy Landsdown HS FY15	-	2,476	-	2,476
Jail Education Program FY15	2,975	3,632	3,230	402
Jail Education Program FY15 LQ	-	3,632	-	3,632
Juvenile Detention Center FY15	4,300	6,403	5,213	1,190
Juvenile Detention Center FY15 LQ	-	6,403	1,025	5,378
LENS FY14	-	362	362	-
Opportunity Inc. - STEM Grant FY14	-	590	590	-
Opportunity Inc. - STEM Grant FY15	-	14,673	13,023	1,650
Preschool Incentive Grant FY13	-	1,887	1,887	-
Preschool Incentive Grant FY14	1,730	19,027	10,235	8,792
Preschool Incentive Grant FY15	780	780	-	780
School Improvement - Title VI B FY14	-	53,728	52,555	1,173
School Security Equipment Grant FY15	-	76,739	76,739	-
SpEd Gov's STEM Acad.-Landstown HS FY14	-	599	599	-
Startalk Elementary Chinese Academy FY14	955	344	339	5
Startalk Elementary Chinese Academy FY15	-	594	74	520
Technology Initiative FY13	2,004,136	308,612	308,612	-
Technology Initiative FY14	2,618,400	1,033,883	955,186	78,697
Technology Initiative FY15	2,618,400	2,587,200	2,478,934	108,266
Title I Part A Rosemont Award FY14	-	2,000	-	2,000
Title I Part A 128-13 FY14	21,000	464,117	464,117	-
Title I Part A 128-14 FY15	586,214	1,006,421	416,880	589,541
Title I Part D Subpart 1 FY13	-	9,008	8,984	24
Title I Part D Subpart 2 FY13	9,750	-	-	-
Title I Part D Subpart 2 FY14	45,000	32,766	24,461	8,305
Title I Part D Subpart 2 FY15	30,000	19,593	-	19,593

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**SCHOOL GRANTS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>EXPENDITURES (continued)</u></b>				
<b><u>Technology (continued)</u></b>				
Title II NCLB128-15 FY15	2,500	-	-	-
Title IV Part B 21st CCLC-Williams ES FY14	12,500	-	-	-
Title IV Part B 21st CCLC-Williams ES FY15	-	3,421	90	3,331
Title IV Part B 21st CCLC-GRC FY15	-	23,349	17,020	6,329
Title IV Early Childhood Supplement FY14	-	3,790	-	3,790
Title VI B PL 105-17 FY14	12,000	25,154	25,154	-
Title VI B PL 105-17 FY15	165,486	26,000	-	26,000
VA Elearning Backpack Bayside FY15	268,800	245,100	234,888	10,212
VA Elearning Backpack Green Run FY15	210,720	192,252	184,242	8,010
VA Elearning Backpack Kempsville FY15	203,520	183,884	176,223	7,661
Total Technology	<u>\$ 9,351,969</u>	<u>\$ 7,258,962</u>	<u>\$ 6,269,187</u>	<u>\$ 989,775</u>
Total Expenditures	<u>\$ 63,534,234</u>	<u>\$ 63,534,234</u>	<u>\$ 47,450,896</u>	<u>\$ 16,083,338</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	<u>\$ (3,299,327)</u>	<u>\$ (4,205,726)</u>	<u>\$ (3,749,096)</u>	<u>\$ 456,630</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers In	<u>\$ 3,299,327</u>	<u>\$ 4,205,726</u>	<u>\$ 3,146,753</u>	<u>\$ (1,058,973)</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	<u>-</u>	<u>-</u>	<u>(602,343)</u>	<u>(602,343)</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>1,058,973</u>	<u>1,058,973</u>	<u>1,058,973</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 1,058,973</u>	<u>\$ 1,058,973</u>	<u>\$ 456,630</u>	<u>\$ (602,343)</u>



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
<b><u>ASSETS</u></b>					
Cash and Temporary Investments	\$ 5,199,470	\$ 3,032,252	\$ 64,976	\$ 1,247,898	\$ 9,544,596
Accounts Receivable	18,836	1,299	32	-	20,167
Due from Federal Government	1,092,349	-	-	-	1,092,349
Inventories	486,640	-	-	-	486,640
Prepaid Items	3,074	-	-	-	3,074
Total Assets	<u>\$ 6,800,369</u>	<u>\$ 3,033,551</u>	<u>\$ 65,008</u>	<u>\$ 1,247,898</u>	<u>\$ 11,146,826</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Salaries Payable	\$ 937,869	\$ -	\$ 117	\$ -	\$ 937,986
Vouchers and Accounts Payable	527,361	65,719	-	-	593,080
Deposits Payable	-	75,000	-	-	75,000
Unearned Revenue	375,897	27,718	-	-	403,615
Total Liabilities	<u>\$ 1,841,127</u>	<u>\$ 168,437</u>	<u>\$ 117</u>	<u>\$ -</u>	<u>\$ 2,009,681</u>
Fund Balances:					
Nonspendable	\$ 489,714	\$ -	\$ -	\$ -	\$ 489,714
Restricted	4,469,528	-	-	-	4,469,528
Assigned	-	2,865,114	64,891	1,247,898	4,177,903
Total Fund Balances	<u>\$ 4,959,242</u>	<u>\$ 2,865,114</u>	<u>\$ 64,891</u>	<u>\$ 1,247,898</u>	<u>\$ 9,137,145</u>
Total Liabilities and Fund Balances	<u>\$ 6,800,369</u>	<u>\$ 3,033,551</u>	<u>\$ 65,008</u>	<u>\$ 1,247,898</u>	<u>\$ 11,146,826</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	School Cafeterias	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
<b><u>REVENUES</u></b>					
From Use of Money and Property	\$ 10,218	\$ 523,079	\$ 139	\$ 3,589	\$ 537,025
Charges for Services	10,225,527	-	192,550	-	10,418,077
Miscellaneous	365,678	-	-	-	365,678
From Commonwealth	527,152	-	-	-	527,152
From Federal Government	16,668,726	-	-	-	16,668,726
Total Revenues	<u>\$ 27,797,301</u>	<u>\$ 523,079</u>	<u>\$ 192,689</u>	<u>\$ 3,589</u>	<u>\$ 28,516,658</u>
<b><u>EXPENDITURES</u></b>					
Instruction	\$ -	\$ -	\$ 216,584	\$ 82,426	\$ 299,010
Cafeterias	28,051,308	-	-	-	28,051,308
Technology	102,758	620,942	100	149,207	873,007
Total Expenditures	<u>\$ 28,154,066</u>	<u>\$ 620,942</u>	<u>\$ 216,684</u>	<u>\$ 231,633</u>	<u>\$ 29,223,325</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES</u></b>					
<b><u>OVER (UNDER) EXPENDITURES</u></b>	<u>\$ (356,765)</u>	<u>\$ (97,863)</u>	<u>\$ (23,995)</u>	<u>\$ (228,044)</u>	<u>\$ (706,667)</u>
<b><u>NET CHANGE IN FUND BALANCES</u></b>	<u>(356,765)</u>	<u>(97,863)</u>	<u>(23,995)</u>	<u>(228,044)</u>	<u>(706,667)</u>
<b><u>FUND BALANCES - JULY 1</u></b>	<u>5,316,007</u>	<u>2,962,977</u>	<u>88,886</u>	<u>1,475,942</u>	<u>9,843,812</u>
<b><u>FUND BALANCES - JUNE 30</u></b>	<u>\$ 4,959,242</u>	<u>\$ 2,865,114</u>	<u>\$ 64,891</u>	<u>\$ 1,247,898</u>	<u>\$ 9,137,145</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2015**

	School Risk Management	School Health Insurance	Totals
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 10,667,020	\$ 21,467,132	\$ 32,134,152
Accounts Receivable	-	496,321	496,321
Due from Commonwealth	-	117,419	117,419
Prepaid Items	1,804	-	1,804
Total Assets	<u>\$ 10,668,824</u>	<u>\$ 22,080,872</u>	<u>\$ 32,749,696</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Salaries Payable	\$ 515	\$ 94	\$ 609
Vouchers and Accounts Payable	574,775	3,049,343	3,624,118
Unearned Revenue	-	7,019,867	7,019,867
Estimated Claims and Judgments (due within one year)	6,442,500	6,396,000	12,838,500
Total Current Liabilities	<u>\$ 7,017,790</u>	<u>\$ 16,465,304</u>	<u>\$ 23,483,094</u>
Noncurrent Liabilities:			
Estimated Claims and Judgments (due in more than one year)	2,147,500	2,132,000	4,279,500
Total Liabilities	<u>\$ 9,165,290</u>	<u>\$ 18,597,304</u>	<u>\$ 27,762,594</u>
<b><u>NET POSITION</u></b>			
Unrestricted	<u>\$ 1,503,534</u>	<u>\$ 3,483,568</u>	<u>\$ 4,987,102</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	School Risk Management	School Health Insurance	Totals
<b><u>OPERATING REVENUES</u></b>			
Charges for Services	\$ 7,405,724	\$ 137,939,963	\$ 145,345,687
Miscellaneous Revenue	8,004	-	8,004
Total Operating Revenues	<u>\$ 7,413,728</u>	<u>\$ 137,939,963</u>	<u>\$ 145,353,691</u>
<b><u>OPERATING EXPENSES</u></b>			
Personnel Services	\$ 358,313	\$ 323,968	\$ 682,281
Fringe Benefits	139,436	111,975	251,411
Other Charges	6,587,781	138,879,689	145,467,470
Total Operating Expenses	<u>\$ 7,085,530</u>	<u>\$ 139,315,632</u>	<u>\$ 146,401,162</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>\$ 328,198</u>	<u>\$ (1,375,669)</u>	<u>\$ (1,047,471)</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>			
Interest Income	<u>\$ 24,487</u>	<u>\$ 34,334</u>	<u>\$ 58,821</u>
<b><u>CHANGE IN NET POSITION</u></b>	352,685	(1,341,335)	(988,650)
<b><u>TOTAL NET POSITION - JULY 1</u></b>	<u>1,150,849</u>	<u>4,824,903</u>	<u>5,975,752</u>
<b><u>TOTAL NET POSITION - JUNE 30</u></b>	<u><u>\$ 1,503,534</u></u>	<u><u>\$ 3,483,568</u></u>	<u><u>\$ 4,987,102</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	School Risk Management	School Health Insurance	Totals
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Receipts from Customers and Users	\$ 7,413,728	\$ 137,672,974	\$ 145,086,702
Payments to Vendors for Goods and Services	(5,538,924)	(136,933,919)	(142,472,843)
Payments to Employees for Services	(497,634)	(435,875)	(933,509)
Net Cash Provided By Operating Activities	<u>\$ 1,377,170</u>	<u>\$ 303,180</u>	<u>\$ 1,680,350</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Interest Received on Investments	<u>\$ 24,487</u>	<u>\$ 34,334</u>	<u>\$ 58,821</u>
Net Increase (Decrease) in Cash and Temporary Investments	1,401,657	337,514	1,739,171
Cash and Temporary Investments, July 1	<u>9,265,363</u>	<u>21,129,618</u>	<u>30,394,981</u>
Cash and Temporary Investments, June 30	<u><u>\$ 10,667,020</u></u>	<u><u>\$ 21,467,132</u></u>	<u><u>\$ 32,134,152</u></u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u></b>			
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u></b>			
Operating Income (Loss)	\$ 328,198	\$ (1,375,669)	\$ (1,047,471)
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by Operating Activities:			
(Increase) Decrease in Accounts Receivable	-	(125,638)	(125,638)
(Increase) Decrease in Due from Commonwealth	-	15,889	15,889
(Increase) Decrease in Prepaid Items	20,332	-	20,332
Increase (Decrease) in Salaries Payable	115	68	183
Increase (Decrease) in Vouchers and Accounts Payable	334,525	2,809,770	3,144,295
Increase (Decrease) in Unearned Revenue	-	(157,240)	(157,240)
Increase (Decrease) in Estimated Claims and Judgments	694,000	(864,000)	(170,000)
Total Adjustments	<u>\$ 1,048,972</u>	<u>\$ 1,678,849</u>	<u>\$ 2,727,821</u>
Net Cash Provided By Operating Activities	<u><u>\$ 1,377,170</u></u>	<u><u>\$ 303,180</u></u>	<u><u>\$ 1,680,350</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b><u>PAYROLL DEDUCTIONS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Temporary Investments	\$ 5,125,279	\$ 130,895,098	\$ 130,502,772	\$ 5,517,605
Accounts Receivable	-	6,788	-	\$ 6,788
Due from Federal Government	228	-	228	-
Total Assets	<u>\$ 5,125,507</u>	<u>\$ 130,901,886</u>	<u>\$ 130,503,000</u>	<u>\$ 5,524,393</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>\$ 5,125,507</u>	<u>\$ 130,901,886</u>	<u>\$ 130,503,000</u>	<u>\$ 5,524,393</u>
<b><u>FRINGE BENEFITS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Temporary Investments	\$ 7,918,369	\$ 109,937,528	\$ 109,134,291	\$ 8,721,606
Total Assets	<u>\$ 7,918,369</u>	<u>\$ 109,937,528</u>	<u>\$ 109,134,291</u>	<u>\$ 8,721,606</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>\$ 7,918,369</u>	<u>\$ 109,937,528</u>	<u>\$ 109,134,291</u>	<u>\$ 8,721,606</u>
<b><u>SCHOOL ACTIVITY ACCOUNTS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Temporary Investments	\$ 3,539,739	\$ 11,538,727	\$ 11,767,784	\$ 3,310,682
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>\$ 3,539,739</u>	<u>\$ 11,538,727</u>	<u>\$ 11,767,784</u>	<u>\$ 3,310,682</u>
<b><u>TOTAL - AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Temporary Investments	\$ 16,583,387	\$ 252,371,353	\$ 251,404,847	\$ 17,549,893
Accounts Receivable	-	6,788	-	\$ 6,788
Due from Federal Government	228	-	228	-
Total Assets	<u>\$ 16,583,615</u>	<u>\$ 252,378,141</u>	<u>\$ 251,405,075</u>	<u>\$ 17,556,681</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>\$ 16,583,615</u>	<u>\$ 252,378,141</u>	<u>\$ 251,405,075</u>	<u>\$ 17,556,681</u>

# **STATISTICAL SECTION**





## Statistical Section

This part of the City of Virginia Beach comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	251
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	258
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	263
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	268
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	271
<b>Schedule of the Treasurer's Cash Accountability</b> This schedule contains information about the City's deposits and investments.	273

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2002. Schedules presenting government-wide information begin in that year. Tables are noted where information was not available.

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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>Governmental Activities</u></b>										
Net Investment in Capital Assets	\$ 1,951,641,519	\$ 2,052,211,968	\$ 2,135,340,973	\$ 2,325,729,590	\$ 2,389,856,033	\$ 2,458,877,944	\$ 2,383,146,998	\$ 2,428,253,890	\$ 2,273,830,446	\$ 2,252,154,557
Restricted	50,526,035	42,538,035	70,189,359	48,960,721	48,158,594	63,015,179	38,529,754	40,925,256	272,044,037	343,675,422
Unrestricted	114,120,819	73,594,691	89,556,643	63,956,631	21,851,492	16,225,877	216,468,300	203,260,167	168,304,006	(171,554,644)
Total Governmental Activities Net Position	<u>\$ 2,116,288,373</u>	<u>\$ 2,168,344,694</u>	<u>\$ 2,295,086,975</u>	<u>\$ 2,438,646,942</u>	<u>\$ 2,459,866,119</u>	<u>\$ 2,538,119,000</u>	<u>\$ 2,638,145,052</u>	<u>\$ 2,672,439,313</u>	<u>\$ 2,714,178,489</u>	<u>\$ 2,424,275,335</u>
<b><u>Business-type Activities</u></b>										
Net Investment in Capital Assets	\$ 655,303,756	\$ 658,871,000	\$ 665,969,934	\$ 677,714,227	\$ 690,413,751	\$ 699,132,196	\$ 740,710,253	\$ 790,083,898	\$ 716,074,522	\$ 758,928,371
Restricted	106,104,443	117,241,789	133,124,575	118,523,348	131,592,999	134,034,758	134,288,475	132,851,393	249,548,491	212,357,644
Unrestricted	1,280,507	1,531,804	1,316,241	18,205,841	3,688,816	4,547,713	32,339,713	23,258,816	29,249,082	30,523,779
Total Business-type Activities Net Position	<u>\$ 762,688,706</u>	<u>\$ 777,644,593</u>	<u>\$ 800,410,750</u>	<u>\$ 814,443,416</u>	<u>\$ 825,695,566</u>	<u>\$ 837,714,667</u>	<u>\$ 907,338,441</u>	<u>\$ 946,194,107</u>	<u>\$ 994,872,095</u>	<u>\$ 1,001,809,794</u>
<b><u>Primary Government</u></b>										
Net Investment in Capital Assets	\$ 2,606,945,275	\$ 2,711,082,968	\$ 2,801,310,907	\$ 3,003,443,817	\$ 3,080,269,784	\$ 3,158,010,140	\$ 3,123,857,251	\$ 3,218,337,788	\$ 2,989,904,968	\$ 3,011,082,928
Restricted	156,630,478	159,779,824	203,313,934	167,484,069	179,751,593	197,049,937	172,818,229	173,776,649	521,592,528	556,033,066
Unrestricted	115,401,326	75,126,495	90,872,884	82,162,472	25,540,308	20,773,590	248,808,013	226,518,983	197,553,088	(141,030,865)
Total Primary Government Net Position	<u>\$ 2,878,977,079</u>	<u>\$ 2,945,989,287</u>	<u>\$ 3,095,497,725</u>	<u>\$ 3,253,090,358</u>	<u>\$ 3,285,561,685</u>	<u>\$ 3,375,833,667</u>	<u>\$ 3,545,483,493</u>	<u>\$ 3,618,633,420</u>	<u>\$ 3,709,050,584</u>	<u>\$ 3,426,085,129</u>

Table 2

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental Activities:										
Legislative	\$ 1,148,231	\$ 1,210,187	\$ 1,190,152	\$ 1,234,039	\$ 1,101,059	\$ 1,105,878	\$ 1,090,648	\$ 1,273,769	\$ 1,189,512	\$ 1,186,251
Executive	2,333,573	3,633,899	3,595,144	3,443,993	2,960,506	2,513,730	2,780,170	2,596,006	2,498,694	2,621,111
Law	3,682,586	3,587,873	3,708,452	3,673,299	3,486,020	3,599,766	3,666,859	3,679,233	3,937,096	3,776,063
Finance	16,595,809	16,216,901	16,661,856	16,644,600	16,925,748	16,912,340	17,775,815	18,015,281	18,521,840	17,241,258
Human Resources	7,194,174	7,839,373	13,400,793	12,879,203	8,494,623	8,222,168	9,055,986	9,916,732	10,479,994	11,031,258
Judicial	44,249,522	48,721,693	49,472,871	50,631,227	48,468,317	49,738,210	51,871,482	53,427,866	56,389,216	54,160,608
Health	2,935,714	3,123,044	3,220,239	3,074,767	2,987,001	2,939,495	2,931,361	2,871,475	3,126,176	3,215,269
Police	77,546,607	84,975,027	88,937,127	88,212,314	86,602,182	87,550,834	89,806,841	94,306,684	98,885,662	96,431,059
Human Services	92,858,627	98,924,690	108,144,955	115,430,632	120,191,660	113,614,181	112,331,388	108,913,384	110,266,430	110,140,108
Public Works	117,466,722	139,806,780	125,719,748	135,063,747	156,433,035	144,084,373	195,557,135	197,205,942	201,565,478	151,146,960
Parks and Recreation	42,723,800	43,896,040	44,780,014	44,221,519	45,258,239	42,919,471	42,619,362	44,461,864	46,944,369	46,372,607
Library	16,986,896	15,873,880	15,845,140	15,685,382	16,053,738	15,639,419	16,135,167	17,811,215	17,581,450	17,581,450
Planning	9,910,293	9,849,490	10,286,282	10,293,506	10,138,645	9,350,124	9,454,772	9,390,272	9,788,352	9,963,622
Agriculture	1,079,789	1,055,102	937,265	1,044,767	911,927	2,844,410	811,303	882,778	889,198	1,249,439
Economic Development	1,919,560	2,522,273	2,168,890	2,669,517	2,260,972	1,989,067	2,195,509	942,848	1,531,524	1,624,276
Convention and Visitor Development	25,478,450	23,659,756	30,236,487	28,319,158	26,441,351	24,450,034	25,211,870	24,259,211	21,970,212	29,153,694
Communication and Information Technology	6,328,211	21,791,364	19,895,881	31,930,685	23,892,765	24,975,516	27,113,853	28,524,903	35,271,946	33,630,014
Emergency Communications and Citizen Services	-	-	-	-	8,286,906	8,233,437	8,644,135	8,585,726	8,948,709	8,750,026
Boards and Commissions	14,596,241	19,192,200	31,611,562	28,283,987	28,838,862	29,809,481	30,813,011	28,150,540	28,205,251	29,450,284
Fire	38,446,066	42,765,415	43,731,113	44,748,877	46,923,435	46,496,015	48,604,326	49,299,627	52,577,157	49,680,380
Management Services	3,234,762	3,542,392	3,704,939	3,607,392	3,905,792	1,452,377	1,488,732	1,600,743	1,466,132	1,420,917
Education	319,810,179	357,791,746	363,554,215	370,277,459	358,870,557	362,627,543	346,343,221	371,831,366	376,409,572	390,015,055
Housing and Neighborhood Preservation	17,870,757	21,500,671	22,857,744	22,813,746	22,992,624	25,286,359	25,102,010	27,094,230	26,185,221	26,348,557
Museums	7,844,418	8,842,411	7,854,366	8,148,195	8,491,250	8,812,689	9,524,054	9,557,237	10,314,480	10,704,799
Emergency Medical Services	6,841,877	7,392,858	7,251,081	7,320,448	7,595,142	7,693,052	8,667,955	8,911,501	10,052,359	10,028,682
Strategic Growth Area	-	-	-	-	-	-	1,011,323	940,819	1,254,362	1,102,864
General Government	25,652,192	51,462,207	22,967,787	16,825,353	35,592,598	22,315,404	6,689,626	2,785,087	1,657,913	2,095,946
Interest on Long-term Debt	42,544,140	42,652,225	46,906,778	48,918,428	73,058,398	42,665,372	48,481,522	35,483,724	32,290,625	33,395,513
Total Governmental Activities Expenses	\$ 947,279,196	\$ 1,081,829,497	\$ 1,088,640,881	\$ 1,115,396,240	\$ 1,167,163,352	\$ 1,107,459,864	\$ 1,145,283,688	\$ 1,161,044,015	\$ 1,190,428,695	\$ 1,153,518,070
Business-Type Activities:										
Water and Sewer	\$ 90,434,001	\$ 90,745,302	\$ 94,410,608	\$ 95,332,140	\$ 96,891,679	\$ 104,625,349	\$ 102,310,240	\$ 103,110,267	\$ 107,549,122	\$ 110,779,437
Storm Water	15,191,577	14,420,597	14,231,356	13,027,354	13,116,763	14,178,468	15,650,645	16,592,160	19,561,223	22,908,803
Development Authority	-	-	-	-	-	-	-	11,210,520	10,154,302	11,025,011
Waste Management	-	-	-	-	-	-	-	-	-	41,907,754
Resort Parking	1,388,167	1,636,979	1,675,539	1,430,534	1,357,625	1,603,150	1,973,867	1,668,933	1,902,855	4,419,983
Total Business-type Activities Expenses	\$ 107,013,745	\$ 106,802,878	\$ 110,317,503	\$ 109,790,028	\$ 111,366,067	\$ 120,406,967	\$ 119,934,752	\$ 132,581,880	\$ 139,167,502	\$ 191,040,988
Total Primary Government Expenses	\$ 1,054,292,941	\$ 1,188,632,375	\$ 1,198,958,384	\$ 1,225,186,268	\$ 1,278,529,419	\$ 1,227,866,831	\$ 1,265,218,440	\$ 1,293,625,895	\$ 1,329,596,197	\$ 1,344,559,058
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
Judicial	\$ 3,307,011	\$ 3,981,479	\$ 4,025,927	\$ 3,946,053	\$ 4,993,137	\$ 4,402,463	\$ 5,377,347	\$ 3,688,139	\$ 3,101,433	\$ 3,735,209
Police	1,162,299	1,029,473	1,425,005	1,567,617	3,436,506	4,026,448	3,670,550	3,747,317	3,472,080	3,854,581
Human Services	2,417,055	3,318,504	3,383,220	4,723,828	4,952,643	23,797,305	24,322,382	23,782,371	25,031,069	25,615,214
Public Works	2,926,714	3,562,368	1,810,874	3,469,383	10,299,832	6,743,429	13,465,436	30,845,235	44,380,916	2,766,927
Parks and Recreation	12,737,487	14,466,702	14,586,938	14,620,812	14,660,279	14,405,985	13,876,204	14,891,219	15,114,163	14,974,524
Library	553,406	648,003	672,183	679,091	617,088	760,480	706,607	728,317	760,734	789,508
Planning	6,378,599	5,936,100	5,307,304	4,026,124	4,076,448	4,097,287	4,265,630	4,432,198	4,496,079	5,226,904
Agriculture	123,007	162,355	145,130	145,454	164,684	127,156	170,091	52,893	55,585	72,725
Economic Development	-	-	691,207	-	-	-	-	-	-	-
Convention and Visitor Development	2,066,935	3,444,555	3,012,735	3,506,706	4,706,217	5,067,297	5,313,030	5,437,203	5,484,357	5,270,419
Fire	184,929	271,360	202,543	354,061	406,679	409,613	346,680	414,091	141,747	404,789
Housing and Neighborhood Preservation	207,385	478,923	183,588	174,560	312,489	215,523	1,170,964	1,831,674	2,033,427	2,300,624

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Program Revenues (continued)</b>										
Governmental Activities: (continued)										
Charges for services: (continued)										
Museums	\$ 5,952,650	\$ 6,371,707	\$ 5,547,623	\$ 5,493,504	\$ 6,609,514	\$ 7,208,895	\$ 7,548,640	\$ 8,073,443	\$ 7,701,899	\$ 8,343,814
General Government	9,416,710	10,177,882	10,412,161	9,756,013	8,777,127	8,096,615	7,395,885	7,535,955	7,532,896	7,480,645
Other Activities	381,996	352,329	975,039	524,362	508,565	545,787	497,376	551,983	3,590,913	4,088,006
Operating grants and contributions	157,781,650	169,205,494	189,987,751	202,479,091	214,751,488	195,543,654	169,430,851	166,149,172	163,734,763	167,099,983
Capital grants and contributions	26,653,064	39,329,430	49,331,573	88,794,495	30,731,118	32,767,792	41,572,819	37,502,486	69,771,674	49,910,249
Total Governmental Activities Program Revenues	\$ 232,250,897	\$ 262,736,664	\$ 291,700,801	\$ 344,261,154	\$ 310,003,814	\$ 308,215,729	\$ 299,130,492	\$ 309,663,696	\$ 356,403,735	\$ 301,934,121
Business-type Activities:										
Charges for services:										
Water and Sewer	\$ 89,378,218	\$ 93,104,033	\$ 97,364,528	\$ 95,308,313	\$ 98,568,890	\$ 102,398,524	\$ 109,200,204	\$ 115,160,670	\$ 122,079,274	\$ 122,609,520
Storm Water	12,351,619	14,537,968	15,728,693	17,559,488	19,285,386	21,321,426	27,841,165	32,721,540	37,087,519	39,048,824
Development Authority	-	-	-	-	-	-	-	2,630,055	189,011	4,665,161
Waste Management	-	-	-	-	-	-	-	-	-	43,457,679
Parking	2,624,955	2,259,617	2,319,168	2,390,391	2,420,174	3,213,279	2,879,725	3,134,711	2,879,228	4,535,524
Operating grants and contributions	5,182,290	5,405,170	5,602,177	5,216,559	5,222,410	3,569,248	1,306,092	-	-	90,237
Capital grants and contributions	6,103,382	1,257,077	6,491,686	2,442,568	628,640	1,877,989	974,355	1,945,692	7,507,130	7,384,390
Total Business-type Activities Program Revenues	\$ 115,640,464	\$ 116,563,865	\$ 127,506,252	\$ 122,917,319	\$ 126,125,500	\$ 132,380,466	\$ 142,201,541	\$ 155,592,668	\$ 169,742,162	\$ 221,791,335
Total Primary Government Program Revenues	\$ 347,891,361	\$ 379,300,529	\$ 419,207,053	\$ 467,178,473	\$ 436,129,314	\$ 440,596,195	\$ 441,332,033	\$ 465,256,364	\$ 526,145,897	\$ 523,725,456
<b>Net (Expenses) Revenues</b>										
Governmental Activities	\$ (715,028,299)	\$ (819,092,833)	\$ (796,940,080)	\$ (771,135,086)	\$ (857,159,538)	\$ (799,244,135)	\$ (846,153,196)	\$ (851,380,319)	\$ (834,024,960)	\$ (851,583,949)
Business-type Activities	8,626,719	9,760,987	17,188,749	13,127,291	14,759,433	11,973,499	22,266,789	23,010,788	30,574,660	30,750,347
Total Primary Government Net Expenses	\$ (706,401,580)	\$ (809,331,846)	\$ (779,751,331)	\$ (758,007,795)	\$ (842,400,105)	\$ (787,270,636)	\$ (823,886,407)	\$ (828,369,531)	\$ (803,450,300)	\$ (820,833,602)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
General Property Taxes -										
Real Estate & Personal Property	\$ 465,863,881	\$ 528,091,785	\$ 576,420,840	\$ 589,973,045	\$ 558,423,911	\$ 537,521,503	\$ 537,843,813	\$ 551,950,361	\$ 543,960,594	\$ 580,476,078
Sales	51,544,664	54,125,457	54,121,980	51,007,274	50,331,672	51,945,150	53,038,789	55,995,114	55,990,140	58,521,297
Utility	40,876,918	39,229,570	42,071,272	47,340,874	46,023,992	47,159,975	43,074,104	46,635,170	42,665,494	44,724,955
Business Licenses	40,841,567	40,117,510	41,834,619	40,919,033	38,204,143	41,183,389	41,205,981	44,671,818	43,657,877	45,155,698
Meal	44,088,252	48,162,200	48,069,618	48,138,128	48,566,456	50,870,246	53,540,559	55,296,252	57,041,072	59,693,981
Lodging	21,598,763	23,364,668	23,623,107	22,734,965	22,919,279	24,401,106	25,624,528	26,265,622	26,252,617	28,216,513
Amusement	4,648,949	4,881,693	5,020,312	5,427,458	5,141,354	5,312,439	5,617,464	5,365,290	6,247,637	6,001,024
City Tax on Deeds and Wills	12,396,672	10,660,889	8,892,283	6,569,411	6,283,840	5,864,224	6,284,635	7,530,469	6,377,834	7,044,958
Cigarette	11,024,720	11,040,079	11,503,774	13,062,433	11,949,379	12,270,185	12,213,135	11,748,003	12,073,540	12,983,847
Automobile Licenses	8,935,321	8,815,226	8,945,576	8,985,629	8,654,496	9,018,255	8,947,535	10,278,790	9,421,028	9,048,539
Emergency 911 Telephone	7,414,387	6,351,737	7,281,412	5,970	-	-	-	-	-	-
Other Taxes	7,124,271	6,759,400	9,074,242	8,875,610	9,871,136	10,981,669	10,770,992	11,049,732	10,231,840	11,460,710
Grants and contributions not restricted	62,678,516	53,506,370	53,413,358	53,413,096	53,413,134	67,913,073	53,414,000	53,412,868	53,412,868	53,412,868
Investment Earnings	14,718,334	15,401,732	16,206,742	7,727,438	4,067,799	1,755,326	9,351,455	199,920	3,557,973	3,956,635
Miscellaneous	10,103,008	15,799,971	15,295,906	13,178,417	14,528,124	11,300,476	9,789,639	5,275,171	22,454,268	14,876,713
Total Governmental Activities	\$ 803,858,223	\$ 866,308,287	\$ 921,775,041	\$ 917,358,781	\$ 878,378,715	\$ 877,497,016	\$ 870,716,629	\$ 885,674,580	\$ 893,344,782	\$ 935,573,816
Business-type Activities:										
Investment Earnings	\$ 3,701,118	\$ 5,599,105	\$ 6,003,643	\$ 2,820,444	\$ 943,565	\$ 761,924	\$ 264,732	\$ 586,174	\$ 522,661	\$ 660,764
Miscellaneous	(810,059)	(404,205)	(426,235)	(1,915,069)	(4,450,848)	(716,322)	1,303,678	15,258,704	21	(450,196)
Total Business-type Activities	\$ 2,891,059	\$ 5,194,900	\$ 5,577,408	\$ 905,375	\$ (3,507,283)	\$ 45,602	\$ 1,568,410	\$ 15,844,878	\$ 522,682	\$ 210,568
Total Primary Government	\$ 806,749,282	\$ 871,503,187	\$ 927,352,449	\$ 918,264,156	\$ 874,871,432	\$ 877,542,618	\$ 872,285,039	\$ 901,519,458	\$ 893,867,464	\$ 935,784,384
<b>Change in Net Position</b>										
Governmental Activities	\$ 88,829,924	\$ 47,215,454	\$ 124,834,961	\$ 146,223,695	\$ 21,219,177	\$ 78,252,881	\$ 24,563,433	\$ 34,294,261	\$ 41,739,179	\$ 83,989,867
Business-type Activities	11,517,778	14,955,887	22,766,157	14,032,666	11,252,150	12,019,101	23,835,199	38,855,666	48,677,988	30,960,915
Total Primary Government	\$ 100,347,702	\$ 62,171,341	\$ 147,601,118	\$ 160,256,361	\$ 32,471,327	\$ 90,271,982	\$ 48,398,632	\$ 73,149,927	\$ 90,417,167	\$ 114,950,782

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 453,056	\$ 506,339	\$ 581,099	\$ 7,482,460	\$ 7,093,861
Restricted	-	-	-	-	-	987,701	721,002	892,701	892,701	1,080,998
Committed	-	-	-	-	-	33,756,567	16,397,989	19,310,560	16,616,865	12,299,308
Assigned	-	-	-	-	-	41,286,701	69,462,951	65,524,909	50,789,758	46,342,481
Unassigned	-	-	-	-	-	113,003,754	103,961,151	102,363,793	96,084,791	97,004,933
Reserved	6,615,475	6,466,689	10,977,275	11,202,854	9,763,249	-	-	-	-	-
Unreserved	166,030,397	170,036,346	182,087,766	152,478,269	169,216,410	-	-	-	-	-
Total General Fund	<u>\$ 172,645,872</u>	<u>\$ 176,503,035</u>	<u>\$ 193,065,041</u>	<u>\$ 163,681,123</u>	<u>\$ 178,979,659</u>	<u>\$ 189,487,779</u>	<u>\$ 191,049,432</u>	<u>\$ 188,673,062</u>	<u>\$ 171,866,575</u>	<u>\$ 163,821,581</u>
<b>All Other Governmental Funds</b>										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,583,676	\$ 42,910,053	\$ 40,032,555	\$ 41,303,255	\$ 43,332,195
Committed	-	-	-	-	-	205,254,077	337,853,345	302,868,839	321,477,382	337,402,946
Assigned	-	-	-	-	-	133,709,715	6,583,170	3,841,898	8,601,614	9,047,083
Unassigned	-	-	-	-	-	-	-	-	(554,019)	(391,769)
Reserved, Reported In:										
All Other Government Funds	107,021,467	96,940,059	81,311,197	96,319,671	102,057,848	-	-	-	-	-
Debt Service Funds	11,557,911	13,993,113	19,006,999	21,216,930	17,251,355	-	-	-	-	-
Unreserved, Reported In:										
Special Revenue Funds	88,309,522	94,795,858	102,397,382	93,673,677	80,861,278	-	-	-	-	-
Capital Projects Funds	-	80,549,409	87,513,646	126,587,633	156,110,046	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 206,888,900</u>	<u>\$ 286,278,439</u>	<u>\$ 290,229,224</u>	<u>\$ 337,797,911</u>	<u>\$ 356,280,527</u>	<u>\$ 375,547,468</u>	<u>\$ 387,346,568</u>	<u>\$ 346,743,292</u>	<u>\$ 370,828,232</u>	<u>\$ 389,390,455</u>

Source: City Department of Finance

Note: City Adopted GASB 54 in Fiscal Year 2011

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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>REVENUES</b>										
Real Estate Taxes	\$ 397,431,699	\$ 462,221,198	\$ 499,241,014	\$ 515,768,880	\$ 504,334,961	\$ 474,474,648	\$ 461,480,333	\$ 476,217,120	\$ 464,439,667	\$ 481,774,192
Personal Property Taxes	129,482,648	124,098,407	128,475,060	123,593,895	113,226,394	119,356,403	73,705,379	74,723,035	78,678,322	90,898,635
Total General Property Taxes	526,914,347	586,319,605	627,716,074	639,362,775	617,561,355	593,831,051	535,185,712	550,940,155	543,117,989	572,672,827
Other Local Taxes:										
General Sales	51,391,606	53,962,203	54,071,427	51,439,533	50,263,545	51,743,905	53,375,318	54,978,531	56,431,418	58,164,569
Utility	40,876,918	39,741,626	42,071,272	45,764,804	46,662,622	45,129,301	45,254,169	44,623,292	44,050,182	43,308,157
Business Licenses	40,611,370	39,931,411	41,801,475	41,047,807	38,092,610	41,281,806	41,129,895	44,224,356	44,027,381	44,586,110
Franchise Taxes-Cox Communications	4,863,393	5,178,485	5,487,236	5,891,384	6,256,632	6,827,422	6,962,320	7,192,940	7,531,593	7,939,584
Automobile Licenses	8,935,321	8,815,226	8,945,576	8,962,613	8,654,625	9,018,142	8,970,535	9,437,635	9,346,971	9,225,176
Bank Stock	1,623,110	1,520,710	2,261,296	2,071,296	2,667,046	3,029,323	2,615,883	2,354,647	2,151,058	2,739,645
City Tax on Deeds	12,339,628	10,501,703	8,803,558	6,492,325	6,218,098	5,796,601	6,203,751	7,458,847	6,297,952	6,970,299
City Tax on Wills	57,044	159,186	88,725	77,086	65,742	67,623	80,884	71,622	79,882	74,659
Cigarette	11,024,720	11,040,079	11,503,774	11,786,853	12,468,847	12,063,516	12,182,212	11,953,020	11,693,536	13,707,486
Amusement	4,648,949	4,881,693	5,020,312	5,422,767	5,226,534	5,314,873	5,472,204	5,482,948	6,015,026	5,902,807
Hotel Taxes	20,982,033	22,616,459	23,623,107	22,955,423	22,801,413	24,169,996	25,003,788	26,049,027	26,643,369	27,914,212
Restaurant Meals	45,025,727	46,743,465	48,069,618	48,304,462	48,442,376	50,594,181	53,254,313	55,122,465	56,872,794	59,968,375
Transient Occupancy Taxes	616,730	748,209	861,559	920,264	934,382	1,122,301	1,106,769	1,178,742	761,557	771,695
Total Other Local Taxes	249,897,709	252,456,783	260,197,924	251,136,617	248,754,472	256,158,990	261,612,041	270,128,072	271,902,719	281,272,774
Fines and Forfeitures	5,126,218	5,712,654	6,155,497	5,772,731	6,733,769	7,432,059	6,821,979	6,902,298	5,443,331	7,359,085
Permits, Privilege Fees, and Regulatory Licenses	5,834,259	5,400,602	5,008,807	4,158,778	4,222,376	3,824,168	4,239,786	4,222,312	6,312,079	5,138,080
From Use of Money and Property	19,854,097	23,604,498	23,872,972	13,223,279	9,841,835	7,582,471	15,495,687	8,486,602	9,281,953	9,706,351
Charges for Services	29,650,776	37,847,747	35,704,240	35,136,062	55,897,422	61,278,029	68,489,147	85,837,389	110,064,203	72,565,586
Miscellaneous	10,932,347	13,815,781	11,207,659	15,871,120	17,701,348	15,255,086	15,900,634	25,744,605	18,041,512	11,935,463
Sale of Property	-	159,500	-	-	10,000	15,000	-	-	-	-
From Other Local Governments	1,002,094	482,343	2,922,656	440,526	447,717	14,921,907	247,709	2,595,294	98,153	49,077
From Commonwealth	107,708,516	123,386,258	133,829,900	137,486,037	126,848,945	137,844,448	183,494,275	176,215,187	178,507,205	199,209,892
From Federal Government	54,056,213	67,866,759	62,879,529	72,236,638	109,971,236	81,029,447	73,006,854	64,423,364	59,113,705	65,227,667
Total Revenues	\$ 1,010,976,576	\$ 1,117,052,530	\$ 1,169,495,258	\$ 1,174,824,563	\$ 1,197,990,475	\$ 1,179,172,656	\$ 1,164,493,824	\$ 1,195,495,278	\$ 1,201,882,849	\$ 1,225,136,802
<b>EXPENDITURES</b>										
Legislative	\$ 1,139,038	\$ 1,200,362	\$ 1,184,474	\$ 1,229,876	\$ 1,099,021	\$ 1,104,591	\$ 1,078,747	\$ 1,298,568	\$ 1,184,883	\$ 1,208,704
Executive	2,326,096	3,577,193	3,626,970	3,416,589	2,958,372	2,563,372	2,697,088	2,605,143	2,528,002	2,615,031
Law	3,668,542	3,561,072	3,718,122	3,645,426	3,526,957	3,576,615	3,640,226	3,697,386	3,913,804	3,919,348
Finance	16,604,300	16,312,033	16,554,091	16,554,774	16,263,353	15,804,138	16,600,949	16,993,124	17,367,222	17,815,815
Human Resources	7,188,192	7,821,314	13,417,794	12,899,532	8,475,233	8,229,652	9,010,045	9,924,243	10,416,987	11,174,602
Judicial	43,178,030	47,995,556	49,170,602	50,058,319	48,360,575	49,040,448	51,006,576	53,276,187	55,458,238	55,398,991
Health	2,933,999	3,116,338	3,232,255	3,071,005	2,981,771	2,934,899	2,926,650	2,866,304	3,113,772	3,213,191



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>EXPENDITURES (continued)</u></b>										
Police	\$ 75,741,221	\$ 81,333,569	\$ 88,122,541	\$ 86,039,838	\$ 84,330,028	\$ 85,654,990	\$ 87,210,424	\$ 91,048,023	\$ 95,036,357	\$ 94,259,577
Human Services	92,454,033	98,480,042	108,245,640	114,982,315	119,705,569	113,422,755	111,828,043	109,136,160	110,005,531	112,506,829
Public Works	76,533,960	80,067,766	81,007,280	90,598,946	88,729,538	90,570,064	99,611,309	103,023,351	104,583,810	63,701,224
Parks and Recreation	38,857,569	40,682,352	42,119,693	42,360,029	41,975,161	40,087,300	42,677,953	45,253,417	48,891,417	46,973,301
Library	17,084,795	15,920,138	16,059,880	15,652,089	15,995,471	15,442,912	15,475,052	16,033,907	17,381,850	17,618,171
Planning	9,843,203	9,770,085	10,331,341	10,162,875	10,071,875	9,324,289	9,379,626	9,289,151	9,291,336	9,874,195
Agriculture	1,049,519	1,056,038	930,862	1,052,844	931,377	2,837,146	2,958,894	3,040,599	3,389,546	3,503,327
Economic Development	1,900,804	2,530,958	2,145,140	2,656,922	2,243,759	2,007,505	2,210,063	2,343,970	3,018,382	3,037,408
Convention and Visitor Development	23,659,037	23,607,692	25,441,881	25,300,454	26,187,264	23,994,441	50,515,866	51,583,205	52,048,685	50,793,408
Communications and Information Technology	2,966,769	18,507,578	19,118,141	29,111,294	21,205,694	19,371,700	20,992,614	22,348,352	22,249,372	22,008,128
Emergency Communications and Citizen Services	-	-	-	-	8,286,906	8,233,437	8,644,135	8,585,726	9,033,409	8,985,752
Boards and Commissions	18,685,239	22,375,925	31,381,050	30,920,448	30,304,486	34,454,560	34,730,107	33,495,194	34,742,684	35,603,080
Fire	38,303,099	41,760,077	43,471,843	43,181,025	43,691,716	43,756,960	44,898,737	45,434,088	47,774,858	49,212,062
Management Services	3,363,527	3,493,535	3,676,965	3,579,581	3,854,542	1,484,095	1,471,547	1,595,914	1,481,262	1,526,664
Development Authority	-	-	-	-	-	-	-	55,539	736,650	400,429
Education	320,964,984	354,158,779	345,208,610	387,081,807	381,426,817	350,272,315	399,636,831	364,589,660	382,971,859	372,506,081
Housing and Neighborhood Preservation	18,110,672	21,759,797	23,140,526	23,025,859	23,244,412	25,578,349	25,057,346	27,088,836	26,138,828	26,490,648
Museums	7,817,722	8,797,003	7,829,887	8,158,942	8,463,702	8,805,116	9,430,030	9,542,960	10,225,773	11,435,283
General Government	11,346,910	10,605,800	11,114,894	7,483,531	3,625,500	1,830,932	8,293,239	8,014,133	7,489,469	11,482,238
Emergency Medical Service	6,769,991	7,135,542	7,265,956	7,155,505	7,552,298	7,590,345	8,302,029	8,501,568	9,500,960	9,508,751
Strategic Growth Area	-	-	-	-	-	-	1,011,323	940,819	1,223,232	1,136,261
Capital Outlay	145,902,457	163,139,877	175,645,583	107,225,640	125,455,464	152,439,078	134,374,158	132,201,426	142,572,128	180,758,500
Debt Service:										
Principal Retirement	61,003,591	62,581,830	65,114,538	72,662,009	76,488,392	80,413,257	28,759,234	59,341,275	58,392,964	61,522,444
Interest and Fiscal Charges	41,703,346	43,477,348	45,750,215	48,401,666	47,082,762	43,141,572	16,496,683	31,147,744	29,114,205	32,248,023
Total Expenditures	\$ 1,091,100,645	\$ 1,194,825,599	\$ 1,244,026,774	\$ 1,247,669,140	\$ 1,254,518,015	\$ 1,243,966,833	\$ 1,250,925,524	\$ 1,274,295,972	\$ 1,321,277,475	\$ 1,322,437,466
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (80,124,069)	\$ (77,773,069)	\$ (74,531,516)	\$ (72,844,577)	\$ (56,527,540)	\$ (64,794,177)	\$ (86,431,700)	\$ (78,800,694)	\$ (119,394,626)	\$ (97,300,664)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>										
Transfers In	\$ 267,684,774	\$ 278,985,024	\$ 278,337,221	\$ 329,930,834	\$ 286,072,732	\$ 225,159,580	\$ 79,048,006	\$ 134,706,391	\$ 131,854,570	\$ 142,195,756
Transfers Out	(265,263,920)	(272,265,926)	(277,520,986)	(324,543,593)	(282,833,185)	(232,016,209)	(80,346,618)	(149,713,095)	(130,979,095)	(144,189,251)
Agriculture Reserve Agreement	-	-	-	-	-	-	-	-	270,504	344,842
Issuance of Debt	80,000,000	150,280,000	141,625,000	78,350,705	321,110,000	94,875,000	118,596	83,640,000	111,248,370	99,540,000
Premium on Refunding Bonds	-	-	2,616,503	-	-	-	-	-	-	-
Premium on Bonds Sold	4,278,680	4,020,673	4,065,030	4,384,080	34,379,078	6,600,690	132,850,000	7,342,754	16,096,112	29,213,786
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	-	20,320,000	91,415,000
Increase (Decrease) in Treasury Strips	-	-	-	-	-	(49,823)	23,194,107	(2,225,854)	-	-
Payment to Refunding Bonds Escrow Agent	-	-	(54,078,461)	-	(267,419,933)	-	(55,071,638)	(37,929,148)	(22,353,602)	(109,664,176)
Total Other Financing Sources (Uses)	\$ 86,699,534	\$ 161,019,771	\$ 95,044,307	\$ 88,122,026	\$ 91,308,692	\$ 94,569,238	\$ 99,792,453	\$ 35,821,048	\$ 126,456,859	\$ 108,855,957
Net Change in Fund Balance	\$ 6,575,465	\$ 83,246,702	\$ 20,512,791	\$ 15,277,449	\$ 34,781,152	\$ 29,775,061	\$ 13,360,753	\$ (42,979,646)	\$ 7,062,233	\$ 11,555,293
Debt Service as a Percentage of Noncapital Expenditures	10.9%	10.3%	10.4%	10.6%	10.9%	11.3%	4.1%	7.9%	7.4%	8.2%

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GOVERNMENTAL FUNDS TAX REVENUE BY SOURCE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>City Taxes</b>										
Real Estate	\$ 397,431,699	\$ 462,811,968	\$ 499,776,925	\$ 515,768,880	\$ 504,334,961	\$ 474,474,648	461,480,333	\$ 476,217,120	464,439,667	\$ 481,774,192
Personal Property	66,804,132	70,592,576	75,062,192	70,181,027	59,813,526	65,943,535	73,705,379	74,723,035	78,678,322	90,898,635
General Sales	51,391,606	53,962,203	54,071,427	51,439,533	50,263,545	51,743,905	53,375,318	54,978,531	56,431,418	58,164,569
Utility	47,778,078	46,357,954	49,660,261	45,764,804	46,662,622	45,129,301	45,254,169	44,623,292	44,050,182	43,308,157
Business Licenses	40,611,370	39,931,411	41,801,475	41,047,807	38,092,610	41,281,806	41,129,895	44,224,356	44,027,381	44,586,110
Franchise Taxes	4,863,393	5,178,485	5,487,236	5,891,384	6,256,632	6,827,422	6,962,320	7,192,940	7,531,593	7,939,584
Automobile Licenses	8,935,321	8,815,226	8,945,576	8,962,613	8,654,625	9,018,142	8,970,535	9,437,635	9,346,971	9,225,176
Bank Stock	1,623,110	1,520,710	2,261,296	2,071,296	2,667,046	3,029,323	2,615,883	2,354,647	2,151,058	2,739,645
City Tax on Deeds	12,339,628	10,501,703	8,803,558	6,492,325	6,218,098	5,796,601	6,203,751	7,458,847	6,297,952	6,970,299
City Tax on Wills	57,044	159,186	88,725	77,086	65,742	67,623	80,884	71,622	79,882	74,659
Cigarette	11,024,720	11,040,079	11,503,774	11,786,853	12,468,847	12,063,516	12,182,212	11,953,020	11,693,536	13,707,486
Amusement	4,648,949	4,881,693	5,020,312	5,422,767	5,226,534	5,314,873	5,472,204	5,482,948	6,015,026	5,902,807
Hotel Taxes	20,982,033	22,616,459	23,623,107	22,955,423	22,801,413	24,169,996	25,003,788	26,049,027	26,643,369	27,914,212
Restaurant Meals	45,025,727	46,743,465	48,069,618	48,304,462	48,442,376	50,594,181	53,254,313	55,122,465	56,872,794	59,968,375
Transient Occupancy	616,730	748,209	861,559	920,264	934,382	1,122,301	1,106,769	1,178,742	761,557	771,695
Total	<u>\$ 714,133,540</u>	<u>\$ 785,861,327</u>	<u>\$ 835,037,041</u>	<u>\$ 837,086,524</u>	<u>\$ 812,902,959</u>	<u>\$ 796,577,173</u>	<u>\$ 796,797,753</u>	<u>\$ 821,068,227</u>	<u>\$ 815,020,708</u>	<u>\$ 853,945,601</u>

Source: City Department of Finance

Note: Franchise Taxes are represented by Cox Communications

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Real Property Assessed Value			Total Taxable		Personal Property Assessed Value		Total Taxable		Estimated Actual	
	Residential	Commercial	Public Service	Real Property Assessed Value	Direct Tax Rate	Residential	Commercial	Personal Property Assessed Value	Direct Tax Rate	Taxable Value	Assessed Value as a Percentage of Actual Value
2004	22,767,618,113	4,746,370,613	743,170,991	28,257,159,717	1.2200	2,485,568,403	766,618,714	3,252,187,117	3.7000	31,509,346,834	100.0%
2005	25,956,007,302	5,325,837,162	624,562,746	31,906,407,210	1.1964	2,707,998,050	661,169,653	3,369,167,703	3.7000	35,275,574,913	100.0%
2006	32,231,908,260	6,147,104,498	530,465,288	38,909,478,046	1.0239	2,935,301,133	775,663,085	3,710,964,218	3.7000	42,620,442,264	100.0%
2007	39,343,218,144	6,778,924,250	545,140,581	46,667,282,975	0.9900	2,918,848,554	869,072,522	3,787,921,076	3.7000	50,455,204,051	100.0%
2008	47,862,927,769	7,283,463,230	647,905,245	55,794,296,244	0.8900	3,260,237,123	892,229,360	4,152,466,483	3.7000	59,946,762,727	100.0%
2009	48,889,366,712	7,877,386,575	807,890,384	57,574,643,671	0.8900	2,807,028,410	905,268,622	3,712,297,032	3.7000	61,286,940,703	100.0%
2010	47,128,334,239	8,251,639,426	890,229,132	56,270,202,797	0.8900	2,860,711,763	751,063,121	3,611,774,884	3.7000	59,881,977,681	100.0%
2011	43,967,169,845	8,008,231,601	927,509,746	52,902,911,192	0.8900	3,105,575,058	972,520,233	4,078,095,291	3.7000	56,981,006,483	100.0%
2012	42,582,797,354	7,925,225,472	938,693,399	51,446,716,225	0.8900	3,225,216,284	1,079,909,616	4,305,125,900	3.7000	55,751,842,125	100.0%
2013	40,815,993,416	8,036,001,242	929,843,170	49,781,837,828	0.9500	3,306,948,272	942,744,260	4,249,692,532	3.7000	54,031,530,360	100.0%
2014	40,590,297,065	8,147,317,125	889,050,800	49,626,664,990	0.9300	3,362,985,338	971,033,585	4,334,018,923	3.7000	53,960,683,913	100.0%
2015	42,110,642,755	8,466,636,425	875,496,571	51,452,775,751	0.9300	3,446,918,395	1,122,915,183	4,569,833,578	4.0000	56,022,609,329	100.0%

Sources: Office of Real Estate Assessor  
Commissioner of the Revenue  
City Adopted Resource Management Plan

Notes: 1 - The City is the only entity with local taxing authority within its boundaries.  
2 - See Table 7 for revenue rates

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**REVENUE RATES FOR REAL ESTATE AND FOR PERSONAL PROPERTY**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Base Real Property Tax Rate</b>	<b>Additional Real Property Tax Rate Sandbridge SSD</b>	<b>Additional Real Property Tax Rate Town Center SSD</b>	<b>Additional Real Property Tax Rate Old Donation SSD</b>	<b>Additional Real Property Tax Rate Bayville Creek SSD</b>	<b>Additional Real Property Tax Rate Shadowlawn SSD</b>	<b>Additional Real Property Tax Rate Chesapeakeian SSD</b>	<b>Additional Real Property Tax Rate Harbor Point SSD</b>	<b>Additional Real Property Tax Rate Gills Cove SSD</b>	<b>Personal Property Tax Rate</b>
2006	1.0239	0.1200	0.5700	-	-	-	-	-	-	3.7000
2007	0.9900	0.0600	0.5700	-	-	-	-	-	-	3.7000
2008	0.8900	0.0600	0.5000	-	-	-	-	-	-	3.7000
2009	0.8900	0.0600	0.4500	-	-	-	-	-	-	3.7000
2010	0.8900	0.0600	0.4500	-	-	-	-	-	-	3.7000
2011	0.8900	0.0600	0.4500	-	-	-	-	-	-	3.7000
2012	0.8900	0.0600	0.4500	0.1840	-	-	-	-	-	3.7000
2013	0.9500	0.0600	0.4500	0.1840	0.3630	-	-	-	-	3.7000
2014	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	-	-	-	3.7000
2015	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	0.2913	0.0790	0.0630	4.0000

<b>Real Property Total Direct Tax Rate</b>									
<b>Fiscal Year</b>	<b>Regular</b>	<b>Sandbridge SSD Residents</b>	<b>Town Center SSD Residents</b>	<b>Old Donation SSD Residents</b>	<b>Bayville Creek SSD Residents</b>	<b>Shadowlawn SSD Residents</b>	<b>Chesapeakeian SSD Residents</b>	<b>Harbor Point SSD Residents</b>	<b>Gills Cove SSD Residents</b>
2006	1.0239	1.1439	1.5939	1.0239	1.0239	1.0239	1.0239	1.0239	1.0239
2007	0.9900	1.0500	1.5600	0.9900	0.9900	0.9900	0.9900	0.9900	0.9900
2008	0.8900	0.9500	1.3900	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900
2009	0.8900	0.9500	1.3400	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900
2010	0.8900	0.9500	1.3400	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900
2011	0.8900	0.9500	1.3400	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900
2012	0.8900	0.9500	1.3400	1.0740	0.8900	0.8900	0.8900	0.8900	0.8900
2013	0.9500	1.0100	1.4000	1.1340	1.3130	0.9500	0.9500	0.9500	0.9500
2014	0.9300	0.9900	1.3800	1.1140	1.2930	1.0894	0.9300	0.9300	0.9300
2015	0.9300	0.9900	1.3800	1.1140	1.2930	1.0894	1.2213	1.0090	0.9930

Source: City Adopted Resource Management Plan

- Notes:
- 1 - The City is the only entity with local taxing authority within its boundaries.
  - 2 - Real Property Tax Rate is applied to Real Estate such as land and buildings.
  - 3 - Personal Property Tax Rate is applied to personal property such as automobiles and equipment.
  - 4 - The tax bases are mutually exclusive.

Table 8

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Nine Years Ago**  
**(Unaudited)**

	<b>Real Property Assessed Value</b>	<b>Percent of Total Real Property Assessed Value</b>	<b>Rank</b>		<b>Real Property Assessed Value</b>	<b>Percent of Total Real Property Assessed Value</b>	<b>Rank</b>
	<b>2015</b>				<b>2006</b>		
E. D. & A. F. Ruffin & B. L. Thompson	400,274,500	0.69 %	1	\$	181,319,225	0.48 %	5
Armada Hoffer	345,303,000	0.60	2		212,675,613	0.56	4
Ramon W. Breeden, Jr.	331,408,900	0.57	3		213,202,086	0.56	3
Virginia Electric & Power Company	318,893,632	0.55	4		249,901,010	0.66	2
Lynnhaven Mall LLC	289,279,000	0.50	5		300,887,127	0.80	1
J. M. , R.J.F. , A.D. & L.E. Caplan	243,832,500	0.42	6		-	-	-
Pembroke Square Assoc.	174,890,400	0.30	7		170,668,253	0.45	6
Christian Broadcasting Assoc./Net, Inc.	148,426,800	0.26	8		90,541,642	0.24	15
Verizon Virginia, Inc.	145,731,123	0.25	9		136,004,345	0.36	7
Cheryl P. McLeskey	137,371,800	0.24	10		117,304,549	0.31	10
Thomas J. Lyons, Jr.	132,055,400	0.23	11		121,623,735	0.32	9
Lake Gem	118,258,400	0.20	12		96,305,311	0.25	13
Watgate Treehouse Associates LP	113,945,900	0.20	13		75,611,300	0.20	18
Aimco Maple Bay & Aimco Reflections LLC	100,013,400	0.17	14		123,631,600	0.33	8
Westminster Canterbury	97,242,200	0.17	15		93,095,928	0.25	14
Potter Properties	90,378,700	0.16	16		79,025,998	0.21	17
Windsor Lake & Shoreline Apartments LLC.	89,099,400	0.15	17		60,979,952	0.16	21
Inland Diversified Virginia Beach Landstown LLC	79,956,800	0.14	18		-	-	-
Wal Mart Real Estate Business Trust	73,687,200	0.13	19		42,465,888	0.11	25
Virginia Natural Gas	73,635,483	0.13	20		51,078,648	0.14	22
Sifen, Michael D.	73,564,800	0.13	21		65,137,314	0.17	20
Occidental Development, Ltd.	61,767,000	0.11	22		-	-	-
Atlantic Shores Cooperative	58,658,000	0.10	23		105,531,686	0.28	11
BBR/Marina Shores LLC	48,474,100	0.08	24		-	-	-
Jack Rabbit Self Storage	47,111,000	0.08	25		45,262,876	0.12	24
Sandler Development at Towne, etc.	-	-	-		100,816,154	0.27	12
Kemp River & Bonneys Corner Associates	-	-	-		87,209,723	0.23	16
Gale M. Levine	-	-	-		67,793,820	0.18	19
B N P Realty LLC	-	-	-		46,478,180	0.12	23
Totals	<u>\$ 3,793,259,438</u>	<u>6.56 %</u>			<u>\$ 2,934,551,963</u>	<u>7.76 %</u>	

Sources: Office of Real Estate Assessor  
Commissioner of the Revenue

Table 9

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	531,438,288	483,649,302	91.0	14,022,360	497,671,662	93.6 %
2007	527,465,143	505,518,196	95.8	17,500,422	523,018,618	99.2
2008	562,044,329	537,526,149	95.6	20,651,442	558,177,591	99.3
2009	570,582,069	547,934,162	96.0	19,418,157	567,352,319	99.4
2010	546,129,490	526,040,648	96.3	16,798,246	542,838,894	99.4
2011	523,586,269	504,769,073	96.4	14,635,023	519,404,096	99.2
2012	522,586,852	501,282,299	95.9	14,944,805	516,227,104	98.8
2013	536,618,666	516,542,429	96.3	14,317,380	530,859,809	98.9
2014	527,036,431	509,339,982	96.6	11,931,862	521,271,844	98.9
2015	558,420,893	537,056,367	96.2	-	537,056,367	96.2

Source: City Department of Finance

Note: Collections in subsequent years represents delinquent accounts collected during the course of the fiscal year for all prior fiscal years.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Governmental Activities					Business Type Activities					Ratio of Net Debt Per Capita to Per Capita Personal Income (3)		
	General Obligation Bonds	State Literary Fund Loans	Public Facility Revenue Bonds	Obligations Under Capital Leases	Certificates of Participation	Williams Farm Property	Agriculture Reserve Program	Virginia Beach Development Authority (5)	General Obligation Bonds	Revenue Bonds	Total Primary Government(1)	Net Debt Per Capita (2)	Ratio of Net Debt Per Capita to Per Capita Personal Income (3)
2006	\$ 533,993,827	\$ 11,189,546	\$ 218,450,000	\$ 4,711	\$ 5,155,000	\$ 3,187,500	\$ 22,643,426	\$ 64,845,000	\$ 3,418,336	\$ 146,143,893	\$ 1,009,031,239	\$ 1,930	4.4%
2007	559,423,497	9,933,046	279,715,000	-	5,155,000	2,762,500	24,541,566	89,085,000	2,912,237	140,758,924	1,114,286,770	2,194	4.8%
2008	597,155,459	8,676,546	269,380,000	-	5,155,000	2,337,500	26,807,090	87,450,000	2,406,137	135,598,356	1,134,966,088	2,234	4.8%
2009	621,800,655	7,620,046	257,075,000	-	2,645,000	1,912,500	30,534,384	84,790,000	1,900,038	130,405,780	1,138,683,403	2,244	4.9%
2010	630,203,763	6,563,546	261,265,000	-	-	1,487,500	32,093,435	83,445,000	1,393,938	192,644,719	1,209,096,901	2,256	4.9%
2011	668,552,006	5,507,046	242,545,000	-	-	1,062,500	38,365,512	79,760,000	962,470	206,613,629	1,243,368,163	2,271	4.7%
2012 (4)	727,274,597	4,750,000	281,315,118	-	-	637,500	38,799,844	81,434,386	528,450	203,108,752	1,337,848,647	2,244	4.5%
2013 (4)	686,544,346	4,125,000	283,928,041	-	-	212,500	41,193,588	77,990,571	222,016	194,536,062	1,288,752,124	2,162	4.3%
2014 (4)	720,118,515	3,500,000	290,013,866	-	-	-	41,464,092	93,124,312	-	232,774,217	1,380,995,002	2,256	4.5%
2015 (4)	716,612,342	2,875,000	320,169,585	-	-	-	41,808,934	85,183,901	-	246,792,383	1,413,442,145	2,254	4.4%

Source: City Department of Finance and Annual Long Term Debt Report

Notes: (1) Total Primary Government Debt for FY 2006-2011 excludes 1998 Social Services Lease Revenue Bond, as it is Virginia Beach Development Authority debt service. This revenue bond was paid off in FY 2012.

(2) For calculation of Net Debt Per Capita, the population is per Table 14. In addition, Net Debt Per Capita excludes Double Barrel &amp; Revenue Bonds, Agriculture Reserve, and the premiums included in this table presentation.

(3) For calculation of Debt Per Capita to Per Capita Personal Income, the per Capita Personal Income information is per Table 14.

(4) Fiscal Years 2012-2015 have been adjusted to reflect the related unamortized premium. Detailed premium info for prior years was unavailable and therefore not adjusted.

(5) Includes balances of VBDA Note Payable secured by a surety agreement provided by Town Center Associates, L.L.C. for FY 2013 AND FY 2014. Note was paid off during FY15.

FY15 Premium detail and reconciliation to Note 6A1 &amp; 6A2:

Governmental Activities						Total Primary Government(1)		
State		Public		Agriculture Reserve Program		Business Activity		Total Primary Government(1)
General Obligation Bonds	Literary Fund Loans	Facility Revenue Bonds						
Principal	\$ 652,395,841	\$ 2,875,000	\$ 285,374,298	\$ 41,808,934	\$ 982,454,073	\$ 323,171,219	\$ 1,305,625,292	
Premium	64,216,501	-	34,423,448	-	98,639,949	9,176,904	107,816,853	
Total	\$ 716,612,342	\$ 2,875,000	\$ 319,797,746	\$ 41,808,934	\$ 1,081,094,022	\$ 332,348,123	\$ 1,413,442,145	
						Tax Supported Debt subtotal per 6A1		
						Premiums per 6A1		
						Tax Supported Debt subtotal per 6A2		
						Premiums per 6A2		
						<b>Total per note 6A1 &amp; 6A2</b>		
						\$ 982,454,073		
						99,011,787		
						323,171,219		
						8,805,066		
						\$ 1,413,442,145		

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**RATIOS OF OUTSTANDING GENERAL BONDED DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>General Obligation Bonds (1)</b>	<b>State Literary Fund Loans (1)</b>	<b>Appropriation Backed Debt (2)</b>	<b>Total</b>	<b>Percentage of Estimated Actual Full Value of Property (3)</b>	<b>Net Debt Per Capita (4)</b>
2006	\$ 537,412,163	\$ 11,189,546	\$ 291,642,211	\$ 840,243,920	2.0%	\$ 1,930
2007	562,335,734	9,933,046	376,717,500	948,986,280	1.9%	2,194
2008	599,561,596	8,676,546	364,322,500	972,560,642	1.6%	2,234
2009	623,700,693	7,620,046	346,422,500	977,743,239	1.6%	2,244
2010	631,597,701	6,563,546	346,197,500	984,358,747	1.6%	2,256
2011	669,514,476	5,507,046	323,367,500	998,389,022	1.8%	2,271
2012	(5) 727,803,047	4,750,000	363,387,004	1,095,940,051	2.0%	2,244
2013	(5) 686,766,362	4,125,000	361,183,173	1,052,074,535	1.9%	2,162
2014	(5) 720,118,515	3,500,000	382,190,239	1,105,808,754	2.0%	2,256
2015	(5) 716,612,342	2,875,000	405,725,325	1,125,212,667	2.0%	2,254

(1) Per Table 10

(2) Includes all Governmental Public Facility Revenue Bonds, Capital Leases, COP's, Williams Farm, and Business Type Virginia Beach Development Authority as per table 10.

(3) Actual Full Value of property is from Table 6.

(4) Population is from Table 14. Computation of Net Debt Per Capita is net of premiums and discounts in the above numbers.

(5) Fiscal Year 2012-2015 have been adjusted to reflect the related unamortized premium.

Detailed premium information for prior years was unavailable and therefore not adjusted.



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 3,860,707,700	\$ 4,630,515,462	\$ 5,579,429,624	\$ 5,757,464,367	\$ 5,627,020,280	\$ 5,290,291,119	\$ 5,144,671,623	\$ 4,978,183,783	\$ 4,962,666,499	\$ 5,145,277,575
Total Net Debt Applicable to limit	571,245,135	596,810,346	635,045,232	661,855,123	670,254,683	713,387,034	716,177,198	685,988,698	712,384,323	697,079,775
Legal Debt Margin	<u>\$ 3,289,462,565</u>	<u>\$ 4,033,705,116</u>	<u>\$ 4,944,384,392</u>	<u>\$ 5,095,609,244</u>	<u>\$ 4,956,765,597</u>	<u>\$ 4,576,904,085</u>	<u>\$ 4,428,494,425</u>	<u>\$ 4,292,195,085</u>	<u>\$ 4,250,282,176</u>	<u>\$ 4,448,197,800</u>
Total Net Debt applicable to the limit as a percentage of debt limit	14.80%	12.89%	11.38%	11.50%	11.91%	13.48%	13.92%	13.78%	14.35%	13.55%

**Legal Debt Margin Calculation For Fiscal Year 2015**

Assessed Value of Real Property (Taxable):	
Regular	\$ 50,577,279,180
Public Service	875,496,571
Total Assessed Value of Real Property	<u>\$ 51,452,775,751</u>
Debt limit (10% of Total Assessed Value)	\$ 5,145,277,575
Total Net Debt Applicable to limit	697,079,775
Legal Debt Margin	<u>\$ 4,448,197,800</u>

Source: The following sources were used in compiling the above information:  
City Department of Finance  
Annual Long Term Debt Report

Note: Under state law, the City's outstanding general obligation debt should not exceed 10% of total assessed property value. However, the City has established financial affordability indicators in addition to keeping debt per capita at \$2,800 or less. The affordability indicators are as follows:

- The total annual debt service for general government supported debt will not exceed 10% of general government expenditures (excluding interfund transfers).
- The City's overall net debt will not exceed 3.5% of the estimated full value of taxable real property.
- The City's overall net debt per capita will not exceed \$2,800.
- The City's overall net debt per capita shall not exceed 6.5% of per capita personal income.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PLEDGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Water and Sewer Double Barrel and Revenue Bonds</b>							
<b>Fiscal</b>	<b>Water and Sewer</b>	<b>Less:</b>	<b>Net</b>	<b>Debt Service</b>			
<b>Year</b>	<b>Charges and Other</b>	<b>Operating Expenses</b>	<b>Available Revenue</b>	<b>Principal</b>	<b>Interest (1)</b>	<b>Total</b>	<b>Coverage</b>
2006	\$ 92,976,270	\$ 66,636,149	\$ 26,340,121	\$ 2,675,721	\$ 5,816,897	\$ 8,492,618	3.10
2007	99,337,488	67,722,280	31,615,208	6,719,969	4,609,355	11,329,324	2.79
2008	102,003,685	70,253,344	31,750,341	4,880,568	5,941,524	10,822,092	2.94
2009	97,503,949	70,074,154	27,429,795	4,897,576	5,757,570	10,655,146	2.58
2010	99,220,386	71,176,936	28,043,450	5,171,061	5,561,539	10,732,600	2.62
2011	102,819,740	74,439,073	28,380,667	5,811,090	6,382,454	12,193,544	2.33
2012	109,514,875	72,319,602	37,195,273	7,022,735	6,959,920	13,982,655	2.66
2013	115,249,243	73,834,321	41,414,922	7,251,071	6,697,692	13,948,763	2.97
2014	121,766,102	72,145,813	49,620,289	7,796,175	7,231,505	15,027,680	3.30
2015	127,007,164	75,396,537	51,610,627	9,083,131	8,091,897	17,175,028	3.00

(1) Includes Bank Charges. Amounts shown for 2011-2015 are net of federal subsidy.

Source: City Department of Finance

Note: Water and Sewer Revenue Bonds are obligations of the City, payable solely from pledged revenues of the System (Water and Sewer Fund), subject to the prior application thereof to the payment of Operating Expenses. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year.

Coverage: The Master Water and Sewer Revenue Bond Resolution, Section 601, states that the City shall fix charge and collect such rates, fees and other charges for the use of and for the services furnished by the system, and shall, from time to time and as often as shall appear necessary, revise such rates, fees and other charges so as to meet two independent requirements.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PLEDGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Storm Water Utility Revenue Bonds</b>							
<b>Fiscal</b>	<b>Storm Water</b>	<b>Less:</b>	<b>Net</b>	<b>Debt Service</b>			<b>Coverage</b>
<b>Year</b>	<b>Charges</b>	<b>Operating</b>	<b>Available</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
	<b>and Other</b>	<b>Expenses</b>	<b>Revenue</b>				
2006	\$ 17,739,779	\$ 9,881,741	\$ 7,858,038	\$ 761,100	\$ 713,760	\$ 1,474,860	5.33
2007	20,155,045	8,674,016	11,481,029	771,099	676,101	1,447,200	7.93
2008	22,057,562	9,690,929	12,366,633	786,099	637,648	1,423,747	8.69
2009	23,178,708	10,489,311	12,689,397	801,099	595,112	1,396,211	9.09
2010	24,628,765	10,676,428	13,952,337	816,099	552,435	1,368,534	10.20
2011	23,891,004	11,234,614	12,656,390	761,468	813,283	1,574,751	8.04
2012	27,892,419	13,311,162	14,581,257	1,404,020	1,097,204	2,501,224	5.83
2013	32,954,179	14,317,957	18,636,222	1,296,433	1,058,805	2,355,238	7.91
2014	37,150,524	15,366,723	21,783,801	1,232,016	1,026,704	2,258,720	9.64
2015	39,294,658	17,489,866	21,804,792	1,030,000	1,228,238	2,258,238	9.66

Source: City Department of Finance

Note: Storm Water Revenue Bonds are obligations of the City, payable solely from pledged revenues of the System (Storm Water Fund), subject to the prior application thereof to the payment of Operating Expenses. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Population	**		**		Education Level In		Unemployment Rate
		Personal Income	†	Per Capita Personal Income	Median Age	Number of City Employees	Years of Formal Schooling	
2006	435,001	18,485,529		43,726	34.7	6,831	13.5	2.9%
2007	434,058	19,165,012		45,530	35.0	6,898	13.8	2.7%
2008	436,944	19,459,762		46,766	36.0	7,131	13.6	3.7%
2009	437,275	19,510,331		45,613	36.6	7,700	14.0	6.4%
2010	437,994	19,697,709		46,266	36.7	7,713	13.9	6.5%
2011	441,246	20,718,174		48,513	34.9	7,481	14.0	6.0%
2012	447,489	22,305,272		49,898	34.7	7,477	13.8	5.5%
2013	449,628	22,720,897		50,662	35.0	7,477	13.9	5.6%
2014	451,672	***		***	35.7	7,669	13.9	5.5%
2015	454,247	***		***	35.9	7,560	14.0	4.8%

Sources: City Department of Finance  
Labor Market Statistics  
Virginia Employment Commission  
Bureau of Economic Analysis  
Experian Data Solutions

Notes: \* Weldon Cooper Center for Public Service; except for 2015 which is projected.  
\*\* Bureau of Economic Analysis, except for FY 2014-2015 which are projected  
\*\*\* Information Unavailable  
† In thousands of dollars

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**  
**(Unaudited)**

	Approximate Number of Employees	Percent of Total City Employment	Rank	Approximate Number of Employees	Percent of Total City Employment	Rank
	2015			2006		
City of Virginia Beach / Schools	17,860	7.73 %	1	17,686	6.86 %	1
* Joint Expeditionary Base Little Creek	6,000	2.60	2	-	-	-
Sentara Healthcare	5,189	2.25	3	2,343	0.91	3
* Naval Air Station Oceana/Dam Neck	3,600	1.56	4	-	-	-
Lynnhaven Mall	2,600	1.13	5	2,600	1.01	2
Gold Key/PHR Hotels and Resorts	2,365	1.02	6	-	-	-
GEICO	2,300	1.00	7	2,000	0.78	4
STIHL Inc	2,067	0.89	8	1,300	0.50	7
Amerigroup	1,850	0.80	9	1,400	0.54	6
Navy Exchange Service Command	1,550	0.67	10	1,888	0.73	5
Hall Auto Group	-	-		1,300	0.50	8
Cox Communications	-	-		1,200	0.47	9
Lillian Vernon	-	-		1,000	0.39	10
Totals	45,381	19.65 %		32,717	12.69 %	

Sources: City Department of Economic Development.  
City Department of Finance

\* Information not available for 2006

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Department</b>										
Agriculture	15.0	15.0	15.0	14.0	13.0	12.0	12.0	12.0	12.0	12.0
City Auditor	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
City Manager	32.0	32.0	32.0	29.7	26.2	23.0	21.0	19.5	19.5	20.5
City Real Estate Assessor	35.4	35.4	35.4	38.4	38.4	34.3	34.0	34.3	34.3	34.3
City Treasurer	79.0	77.0	77.4	75.7	76.7	72.2	72.0	71.8	75.8	76.8
Commissioner of the Revenue	63.0	64.0	62.6	63.6	64.1	57.9	60.9	62.9	63.9	64.9
Commonwealth's Attorney	83.0	82.7	82.9	91.4	91.4	87.4	84.0	85.3	86.3	86.7
Communications and Information Technology	309.0	308.8	308.8	181.8	187.8	179.8	183.0	178.5	180.5	183.5
Convention and Visitor Bureau	122.0	136.0	137.7	135.7	130.9	113.5	113.5	113.5	110.5	106.7
Courts and Courts' Support	76.0	76.0	76.0	76.0	76.0	76.0	75.0	75.0	75.0	75.0
Cultural Affairs	2.0	5.0	5.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Economic Development	16.0	16.0	16.0	17.0	16.0	15.0	16.0	18.0	18.0	18.0
Emergency Communications & Citizen Services	-	-	-	132.0	127.0	122.0	123.5	122.8	127.8	131.8
Emergency Medical Services	57.0	56.5	56.5	56.5	56.5	62.6	65.3	65.3	69.3	73.3
Finance	63.0	64.0	63.0	57.0	58.0	54.0	55.0	56.0	57.0	57.0
Fire	470.0	473.0	472.9	469.8	467.8	466.7	466.0	479.7	479.7	485.7
General Registrar	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	11.9
Health	11.2	11.2	11.2	11.1	11.1	10.8	10.8	9.1	9.1	9.1
Housing and Neighborhood Preservation	69.0	69.0	69.0	69.0	68.0	67.0	66.0	64.0	63.0	62.0
Human Resources	56.0	57.0	58.1	54.1	53.1	47.0	47.0	47.0	47.0	47.0
Human Services	990.0	1,014.0	1,068.6	1,079.1	1,073.9	1,045.7	1,066.4	1,069.4	1,081.4	1,115.2
Law	43.0	43.0	43.0	43.0	43.0	40.4	39.0	39.6	39.6	39.6
Legislative	18.0	18.0	18.0	18.0	18.0	17.0	17.0	17.0	17.0	17.0
Library	265.0	264.9	264.9	262.9	260.9	227.5	227.5	265.5	260.0	255.0
Management Services	21.0	22.0	22.0	21.0	20.0	15.0	15.0	15.0	14.0	15.0
Museums and Cultural Arts	143.0	141.0	151.4	151.4	151.4	151.5	153.0	155.5	155.9	161.0
Parks and Recreation	864.0	869.0	872.7	877.3	872.2	855.4	843.4	846.9	843.9	838.1
Planning and Community Development	128.0	128.0	127.0	125.0	123.0	113.0	110.0	108.0	109.0	116.0
Police	1,008.1	1,016.0	1,016.0	1,005.9	1,005.9	995.7	1,007.4	1,007.4	1,009.4	1,015.8
Public Utilities	396.0	400.0	399.5	401.5	404.5	404.5	412.0	411.0	412.0	415.0
Public Works	878.0	874.0	874.4	877.4	871.4	866.4	882.0	890.4	890.4	893.9
Sheriff and Corrections	502.0	512.0	514.1	524.4	524.4	524.4	519.6	524.4	525.4	525.4
Strategic Growth Area	-	-	-	-	2.0	15.0	15.0	17.0	17.0	18.0
Total City Positions	6,832.7	6,898.4	6,969.2	6,980.6	6,953.4	6,793.5	6,833.3	6,902.8	6,924.7	6,990.0
Total School Positions	10,548.0	10,635.0	10,541.9	10,519.5	10,391.9	10,476.3	10,387.3	10,326.5	10,190.9	10,220.0
TOTAL POSITIONS	17,380.0	17,533.4	17,511.1	17,500.0	17,345.3	17,269.8	17,220.6	17,229.3	17,115.6	17,210.1

Sources: City of Virginia Beach Resource Management Plans

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>FUNCTION</u></b>											
Police											
Number of physical adult arrests	26,597	24,504	25,326	26,802	26,632	23,951	23,923	23,705	23,633	22,224	21,698
Number of calls for service	193,796	199,653	199,654	202,253	200,360	196,717	196,626	195,156	187,884	179,974	176,474
Number of traffic accidents	9,414	9,457	9,303	9,250	9,021	8,759	8,391	8,102	8,169	8,138	7,913
Fire											
Number of structure fire incidents	413	471	451	453	467	413	453	474	430	410	396
Number of non-structure fire incidents	715	882	946	849	699	673	799	714	535	614	546
Number of EMS incidents	14,954	14,992	16,758	16,796	17,162	18,114	17,930	20,727	25,656	26,099	26,952
Number of other incidents	9,004	9,182	9,458	10,009	9,631	9,870	11,488	13,166	13,307	13,379	13,679
Public Utilities											
Number of Water Connections	129,376	130,005	130,647	131,085	131,367	131,618	131,897	132,010	132,324	132,615	132,940
Public Works											
Number of building permits issued	16,136	14,241	13,552	11,374	9,889	11,322	7,636	8,003	7,956	7,607	8,192
Highways and Streets											
Arterial lane miles	734	738	738	738	717	735	739	738	744	744	745
Collector/local miles	2,539	2,554	2,554	2,641	2,662	2,670	2,676	2,676	2,680	2,686	2,714
Sanitation and Refuse											
Number of homes receiving refuse collection	125,000	122,600	123,161	123,740	123,668	123,789	124,179	124,171	124,536	124,634	122,041
Number of tons of garbage collected	206,075	207,427	204,619	196,501	189,604	196,145	147,760	137,413	133,958	130,245	208,917
Culture and Recreation											
Number of visitations to recreation centers	1,688,772	1,609,047	1,575,539	1,636,823	1,523,232	1,502,059	1,538,616	1,614,682	1,795,782	1,871,312	1,896,615
Number of recreation centers	6	6	6	6	6	6	6	7	7	7	7
Education											
Student membership	74,091	72,953	71,452	70,473	69,335	69,225	69,219	68,977	68,614	68,569	68,351
Number of elementary schools	54	55	55	56	56	56	55	55	55	55	55
Number of secondary schools	24	24	24	24	24	24	24	24	24	24	24
Number of specialty schools	11	11	11	11	11	9	7	7	9	8	8

Sources: Various City Departments

Note: Indicators are not available for all governmental functions.

Table 19

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>FUNCTION</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Police										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Vehicles Units - Marked	277	268	259	256	242	242	269	262	262	246
Helicopter	2	2	2	3	2	2	2	2	2	2
Airplane	-	-	-	-	-	-	-	-	-	-
Watercraft:										
Boats	10	10	10	8	8	8	8	8	6	8
Fire										
Stations	19	19	19	19	19	19	19	19	19	19
Fire Trucks	44	47	48	51	50	50	46	45	45	45
Emergency Medical Services										
Ambulances	30	30	35	34	42	42	42	45	45	44
Public Works										
Miles of streets:										
Lane miles:										
Arterial	738	738	738	717	735	739	738	744	744	745
Collector/Local	2,554	2,554	2,641	2,662	2,670	2,676	2,676	2,680	2,686	2,714
Center Lane miles:										
Arterial	194	194	192	189	192	192	192	192	192	193
Collector/Local	1,251	1,251	1,291	1,300	1,304	1,307	1,308	1,312	1,312	1,326
Number of Street Lights	41,807	42,066	43,960	45,364	45,509	46,806	48,277	48,418	48,747	48,788
Collection Trucks	101	103	104	103	101	101	109	100	100	100
Culture and Recreation										
Number of Developed District Parks	9	7	7	7	8	8	8	8	8	8
Number of Developed Community Parks	10	11	11	11	13	13	13	11	11	11
Number of Developed Neighborhood Parks	181	183	166	166	181	180	181	182	179	179
Number of Natural Parks	29	3	3	3	3	3	5	5	5	5
Other Park Areas	14	28	59	59	58	45	46	47	48	48
Number of Acres in Developed Parks	1,387	1,711	1,736	1,757	3,158	3,174	3,648	3,648	3,649	3,661
Golf Courses (City Owned)	4	5	5	5	5	5	5	5	5	5
Recreation Centers	6	6	6	6	6	6	7	7	7	7
Water										
Miles of Water Lines	1,456	1,459	1,477	1,482	1,483	1,488	1,490	1,492	1,496	1,499
Water Pumping Stations	9	9	9	8	9	9	9	9	9	10
Sewer										
Miles of Sewer Lines	1,569	1,572	1,609	1,621	1,623	1,630	1,635	1,639	1,646	1,653
Sewer Pumping Stations	400	401	403	405	405	406	405	406	407	408

Source: Various City Departments



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF THE TREASURER'S CASH ACCOUNTABILITY**  
**JUNE 30, 2015**  
**(Unaudited)**

<b>Cash in Office</b>		\$	5,500
<b>Cash With</b>			
Bank of America:			
Regular	\$	220,374,102	
Investments		5,000,000	
Welfare		95,125	
School Board Empl Salary Escrow		195,287	
BB&T:			
Checking		1,960,000	
Money Market		98,941,461	
Investments		27,500,000	
School Payroll		6,928,375	
Insured Cash Sweep		100,220,139	
BB&T Capital Markets:			
Investments		18,956,878	
BB&T Scott Stringfellow:			
Investments		21,000,000	
Morgan Keegan:			
Investments		47,182,599	
Smith Barney:			
Investments		4,000,000	
SunTrust Bank:			
City Payroll		16,073,275	
Money Market		5,128,841	
Towne Bank:			
Investments		65,000,000	
Treasurer of Virginia:			
Investment Pool		180,000,000	
VML/VACO:			
Virginia Investment Pool		10,090,263	
Wells Fargo:			
Investments		4,992,600	
Total Deposits and Investments			833,638,945
<b>Cash with Trust Agents</b>			
Cash With SNAP Program	\$	20,591,857	
Cash With Trustee - Debt Service		8,491,041	
Cash With Trustee - Treasury Strips		29,022,366	
Total Cash with Trust Agents			58,105,264
Total Cash Accountability		\$	891,749,709
<b>Add:</b>			
Accrued Interest on Investments	\$	170,660	
Commonwealth of Virginia - Deferred Debits		20,918	
Deposits in Transit		4,252,662	4,444,240
<b>Deduct:</b>			
Commonwealth of Virginia - Current Credits	\$	17,900	
Treasurer Restitution		46,486	
Treasurer Court Costs & Fines		20,859	
John T. Atkinson - Deferred Account		144,907	
Over and Short		9,150	
Outstanding Checks:			
Bank of America		6,472,390	
Bank of America - Welfare		95,125	
BB&T - School Payroll		14,865	
SunTrust - City Payroll		94,976	(6,916,658)
Total Cash Accountability			\$ 889,277,291
<b>Reconciliation of Cash Accountability to the government-wide financial statements at June 30, 2015 as reported in Note 8:</b>			
Balance of City and School funds		\$	889,277,291
Funds for which the Treasurer does not act as fiscal agent:			
School Cafeteria Funds			5,000
School Activity Funds			3,310,682
Development Authority			11,209,778
Total deposits and investments of the government-wide financial statements		\$	903,802,751

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# **SINGLE AUDIT SECTION**

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**Report of Independent Auditor on Internal Control over Financial  
Reporting and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

The Honorable Members of the City Council of  
City of Virginia Beach, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the individual and aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Virginia Beach, Virginia (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 19, 2015. Our report includes a reference to other auditors who audited the financial statements of the Virginia Beach Community Development Corporation, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. That report recognizes that the City implemented new accounting standards effective July 1, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

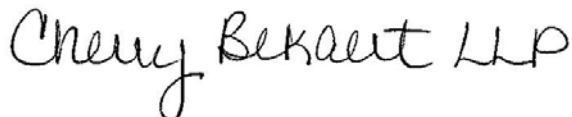
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* or under *Specifications of Audits of Counties, Cities and Towns* and which is described in the accompanying schedule of findings and questioned costs as item 2015-001.

### **City of Virginia Beach, Virginia's Response to Findings**

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia  
November 19, 2015

**Report of Independent Auditor on Compliance for Each Major  
Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133**

The Honorable Members of the City Council of  
City of Virginia Beach, Virginia

**Report on Compliance for Each Major Federal Program**

We have audited the City of Virginia Beach, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

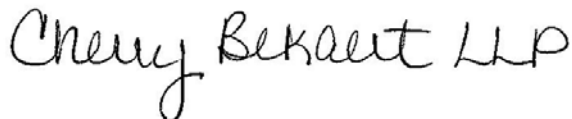
### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cheryl Bekaert LLP". The signature is written in dark ink and is positioned above the printed name and date.

Virginia Beach, Virginia  
November 19, 2015



# CITY OF VIRGINIA BEACH, VIRGINIA SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

## 1) Summary of Auditor's Results

### Financial Statements:

Type of auditor's report issued on the financial statements:	<b>Unmodified</b>
Internal control over financial reporting:	
Material weaknesses identified:	<b>No</b>
Significant deficiencies identified:	<b>None reported</b>
Noncompliance material to the financial statements noted?	<b>No</b>

### Federal Awards:

Type of auditor's report issued on compliance for major programs:	<b>Unmodified</b>
Internal control over major programs:	
Material weaknesses identified:	<b>No</b>
Significant deficiencies identified:	<b>None reported</b>
Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of <i>OMB Circular A-133</i> ?	<b>No</b>

### Identification of major federal programs:

<u>Name of Program</u>	<u>CFDA #</u>
Department of Agriculture:	
Food Stamps Program – Administration	10.561
Department of Defense:	
Supplemental Payment to Federal Impacted Area	12.558
Department of Housing and Urban Development:	
Section 8 Housing Choice Vouchers	14.871
Department of Transportation:	
Highway Planning and Construction Cluster	20.205

Dollar threshold to distinguish between Types A and B Programs:	<b>\$3,000,000</b>
The City of Virginia Beach was qualified as a low risk auditee?	<b>Yes</b>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

**None**

**3) Findings and Questioned Costs Relating to Federal Awards**

**None**

**4) Findings and Questioned Costs – *Specifications of Audits of Counties, Cities and Towns***

2015-001 – Social Services – Comprehensive Services Act

**Criteria**

Section 2.2-5212 of the Code of Virginia and the Comprehensive Services Act Manual requires that funds be provided to youth that meet the State eligibility criteria; meet the criteria for inclusion in the mandated population, if applicable; and that services are developed and approved by the family assessment and planning team process or approved collaborative, multidisciplinary team process.

**Condition/Context**

While performing our audit procedures to ensure compliance with the Comprehensive Services Act requirements we noted one instance out of twenty-five items tested where funds were used to purchase a drug test to prevent children from entering foster care and it was not determined that any of the children associated with the case met the State eligibility criteria.

**Cause**

Procedures were not in place to ensure that funds were properly spent on eligible children.

**Questioned Cost**

\$95 in the total population of \$39,331 tested, was not properly spent on eligible children. We did not project to the questioned cost to the population.

**Effect**

The City of Virginia Beach is not in compliance with Section 2.2-5212 of the Code of Virginia and the Comprehensive Services Act Manual.

**Recommendation**

We recommend a procedure be put in place to ensure that Comprehensive Services Act funds are only used on eligible children.

**Management's Response**

Management agrees. Services for client in question were approved through a one-time only funding request. Aside from emergency interim approval pending FAPT review within 14 days, the department will no longer approve the use of CSA funds prior to FAPT approval.

**5) Resolution of Prior Year's Findings**

**2014-001    Corrected**

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<b><u>DEPARTMENT OF AGRICULTURE:</u></b>		
<b><u>Pass Through Payments:</u></b>		
<b><u>Department of Agriculture</u></b>		
Food Distribution Program (Donated USDA Food)	10.550	\$ 1,795,370
USDA Donated Food	10.550	5,435
USDA	10.558	127,909
<b><u>Department of Social Services</u></b>		
Supplemental Nutrition Assistance Program - Administration	10.561	3,546,873
<b><u>Department of Education</u></b>		
School Breakfast Program (Child Nutrition Cluster)	10.553	3,553,179
National School Lunch Program (Child Nutrition Cluster)	10.555	11,148,913
After School Snack Program (Child Nutrition Cluster)	10.558	72,469
Child & Adult Care Food	10.558	98,795
Total Department of Agriculture		<b>\$ 20,348,943</b>
<b><u>DEPARTMENT OF DEFENSE:</u></b>		
<b><u>Direct Payments:</u></b>		
Supplemental Payment to Federal Impacted Area	12.558	\$ 2,432,746
MYCAA - LPN Program FY15	12.XXX	1,000
MYCAA - ALC COURSES FY15	12.XXX	2,098
DODEA MCASP FY13	12.557	396,076
DODEA MCASP FY15	12.557	456,456
DODEA MCASP OPERATION PRIDE FY14	12.556	500,143
DODEA MCASP OPERATION PRIDE FY15	12.556	355,845
DODEA S-FLEP FY12	12.557	277
DODEA S-FLEP FY13	12.557	7,434
DODEA S-FLEP FY15	12.557	104,978
DODEA SPECIAL EDUCATION FY15	12.557	6,679
<b><u>Pass Through Payments:</u></b>		
<b><u>Virginia Department of Education</u></b>		
STARTALK ELEMENTARY CHIN FY14	12.901	65,365
STARTALK ELEMENTARY CHIN FY15	12.901	13,014
Total Department of Defense		<b>\$ 4,342,111</b>
<b><u>DEPARTMENT OF THE NAVY:</u></b>		
<b><u>Direct Payments:</u></b>		
Encroachment Partnering Agreement	12.XXX	\$ 87,500
NJROTC	12.XXX	323,105
NJROTC FY13	12.XXX	27,574
Total Department of the Navy		<b>\$ 438,179</b>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<b><u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></b>		
<b><u>Direct Payments:</u></b>		
Community Development Block Grant	14.218	\$ 1,773,658
Emergency Shelter Grant	14.231	218,005
Supportive Housing Programs	14.235	495,074
Home Investment Partnerships Program	14.239	1,249,661
Housing Opportunities for Persons with AIDS	14.241	949,428
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	99,890
Section 8 Housing Choice Voucher Program	14.871	17,153,408
Supportive Housing Programs -Continuum of Care Bonus Funding	14.267	62,436
<b><u>Pass Through Payments:</u></b>		
<b><u>Virginia Department of Housing and Community Development</u></b>		
Neighborhood Stabilization Program	14.218	8,051
Total Department of Housing and Urban Development		<b>\$ 22,009,611</b>
<b><u>U. S. FISH AND WILDLIFE SERVICE:</u></b>		
<b><u>Pass Through Payments:</u></b>		
<b><u>Virginia Department of Game and Inland Fisheries</u></b>		
Refuge Revenue Sharing Act (Public Law 95-469)	15.659	\$ 83,491
Total U.S. Fish and Wildlife Service		<b>\$ 83,491</b>
<b><u>DEPARTMENT OF JUSTICE:</u></b>		
<b><u>Direct Payments:</u></b>		
Assistance to Localities for Administration	16.XXX	\$ 230,660
DEA Police Seized Property - Justice	16.922	238,161
Edward Byrne Memorial Justice Assistance Grant Program	16.738	102,342
<b><u>Pass Through Payments:</u></b>		
<b><u>Department of Criminal Justice Services</u></b>		
Juvenile Accountability Block Grant	16.523	36,260
Edward Byrne Memorial Justice Assistance Grant Program 15	16.253	79,665
Total Department of Justice		<b>\$ 687,088</b>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<b><u>DEPARTMENT OF LABOR:</u></b>		
<b><u>Pass Through Payments:</u></b>		
<b><u>Virginia Community College System</u></b>		
Workforce Investment Act Adult Program (WIA Cluster)	17.258	\$ 3,102,358
Workforce Investment Act Youth Activities (WIA Cluster)	17.259	1,986,600
Workforce Investment Act Dislocated Workers (WIA Cluster)	17.278	563,340
<b><u>Greater Peninsula Workforce Development Consortium</u></b>		
HIB Technical Skills Grant	17.268	427,348
<b><u>Northern Virginia Workforce Investment Board</u></b>		
Workforce Innovation Fund	17.283	689,429
Total Department of Labor		<b><u>\$ 6,769,075</u></b>
<b><u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u></b>		
<b><u>DEPARTMENT OF TRANSPORTATION:</u></b>		
<b><u>Pass Through Payments:</u></b>		
<b><u>Department of Motor Vehicles</u></b>		
DMV DUI Education Grants	20.607	\$ 22,528
DMV Select DUI 15	20.607	58,796
DMV Seat Belt Enforcement FY14	20.616	18,183
DMV Seat Belt Enforcement FY15	20.616	54,021
<b><u>Virginia Department of Transportation</u></b>		
Highway Safety Improvement Programs - HSIP Funds	20.XXX	1,257,728
Urban Construction Initiative/Highway Planning & Construction	20.205	3,701,004
CMAQ-STP (Congestion Mitigation and Air Quality-Surface Transportation)	20.205	115,020
Thalia Creek Greenway Trail	20.205	57,001
Lesner Bridge Replacement	20.205	7,193,151
Cape Henry Lighthouse Restoration Phase II	20.205	35,306
<b><u>Hampton Roads Transit</u></b>		
Transportation Enhancement Program - Alt Back Bay	20.520	255,055
Total Department of Transportation		<b><u>\$ 12,767,793</u></b>
<b><u>DEPARTMENT OF VETERANS AFFAIRS</u></b>		
<b><u>Direct Payments:</u></b>		
Supportive Services for Veterans Families (SSVF)	64.033	\$ 822,087
Post 9/11 GI Bill FY15	64.027	2,473
Total Department of Veteran Affairs		<b><u>\$ 824,560</u></b>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<b><u>DEPARTMENT OF EDUCATION:</u></b>		
<b><u>Direct Payments:</u></b>		
School Assistance in Federally Affected Areas (Public Law 874)	84.041	\$ 9,881,834
Title IV - PELL Grant	84.063	44,282
<b><u>Pass Through Payments:</u></b>		
<b><u>Virginia Department of Education</u></b>		
ADULT BASIC EDUCATION-ABE FY15	84.002	315,053
TITLE I, PART A FY13	84.010	32,424
TITLE I, PART A FY14	84.010	2,489,944
TITLE I, PART A FY15	84.010	7,878,905
TITLE I PART D SUBPART 1 FY13	84.010	20,965
TITLE I PART D SUBPART 1 FY14	84.010	5,000
TITLE I PART D SUBPART 1 FY15	84.010	12,000
TITLE I, PART D, SUBPART 2 FY13	84.013	13,894
TITLE I PART D SUBPART 2 FY14	84.013	174,859
TITLE I PART D SUBPART 2 FY15	84.013	16,992
TITLE VI-B FY14	84.027	3,147,657
TITLE VI-B SCHOOL IMPROVEMENT FY14	84.027	107,633
TITLE VI-B FY15	85.027	13,379,217
VOCATIONAL EDUCATION INSTRUCTIONAL	84.048	580
CARL PERKINS FY14	84.048	55,645
CARL PERKINS FY15	84.048	798,056
PRESCHOOL INCENTIVE FY13	84.173	12,612
PRESCHOOL INCENTIVE FY14	84.173	114,030
PRESCHOOL INCENTIVE FY15	84.173	371,844
MCKINNEY HOMELESS FY14	84.196	2,548
MCKINNEY HOMELESS FY15	84.196	11,721
TITLE IV PART B 21ST CCLC FY14	84.287	42,814
TITLE IV PART B 21ST CCLC GRC FY15	84.287	75,880
TITLE IV PART B 21ST CENTRY COMM LRN FY14	84.287	117,108
TITLE IV PART B 21ST CENTRY COMM LRN FY15	84.287	105,782
TITLE III PART A IMMIGRANT AND YOUTH GRA FY14	84.365	26,705
TITLE III PART A IMMIGRANT AND YOUTH GRA FY15	84.365	10,138
TITLE III PART A LANG ACQUISITION FY13	84.365	2,328
TITLE III PART A LANG ACQUISITION FY14	84.365	98,900
TITLE III PART A LANG ACQUISITION FY15	84.365	9,857
TITLE II PART A FY13	84.367	78,969
TITLE II PART A FY14	84.367	261,603
TITLE II PART A FY14	84.367	1,939,760
D N A BUILDING BLOCKS FOR MIDDLE SCHOOL LEARNING	84.366	16,636
LEARNING ENHANCED THROUGH THE NATURE OF SCIENCE FY14	84.366B	72,011
ADVANCE PLACEMENT FEE PROGRAM FY14	84.330B	57,180
POSITIVE BEHAVIOR INTERVENTIONS AND SUPPORT	84.323A	3,300
SPED GOVERNOR'S STEM ACADEMY LANDSTOWN HS FY14	84.027A	21,978
<b><u>Library of Congress</u></b>		
Teacher in Residence	42.XXX	74,944

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<b><u>DEPARTMENT OF EDUCATION: (continued)</u></b>		
<b><u>Pass Through Payments: (continued)</u></b>		
<b><u>Department of Behavioral Health and Developmental Services</u></b>		
Early Intervention Program for Infants and Toddlers with Disabilities	84.181	\$ 375,749
Total Department of Education		<b>\$ 42,279,337</b>
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>		
<b><u>Pass Through Payments:</u></b>		
<b><u>Department of Behavioral Health and Developmental Services</u></b>		
Mental Health Services for the Homeless-Block Grant	93.150	\$ 126,423
Block Grants for Community Mental Health Services	93.958	237,108
Block Grants for Prevention & Treatment of Substance Abuse	93.959	1,797,710
<b><u>Virginia Department for the Aging/ Southeastern Virginia Area Wide Model Program</u></b>		
Supportive Services and Senior Centers (Title III-E)	93.052	23,600
<b><u>Department of Social Services</u></b>		
HIV-Department of Health	93.940	7,467
Family Preservation	93.556	62,079
Temporary Assistance for Needy Families	93.558	2,510,693
Refugee and Entrant Assistance - State Administered Programs	93.566	8,835
Home Energy Assistance	93.568	242,389
Child Care and Development Fund (Childcare Cluster)	93.596	303,508
Chafee Education and Training Vouchers Program	93.599	10,458
Child Welfare Services	93.645	16,922
Foster Care Title IV-E	93.658	2,108,710
Adoption Assistance	93.659	1,234,906
Social Services Block Grant	93.667	2,366,402
Independent Living	93.674	46,680
FAMIS State Children's Insurance Program	93.767	113,914
Medical Assistance Program (Medicaid Cluster)	93.778	3,991,205
<b><u>Virginia Department of Medical Assistance Services</u></b>		
Medical Assistance Program - Medicaid	93.778	1,577,732
Total Department of Health and Human Services		<b>\$ 16,786,741</b>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Federal Granting Agency/Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<b><u>DEPARTMENT OF HOMELAND SECURITY:</u></b>		
<b><u>Direct Payments:</u></b>		
FEMA National US&R Response System	97.025	\$ 1,298,368
FEMA National US&R Response System	97.039	169,555
Port Security Grant Program - Police	97.056	27,171
<b><u>Pass Through Payments:</u></b>		
<b><u>Virginia Department of Emergency Management</u></b>		
DHS Transport Hazard Material Training 15	97.042	6,600
Port Security	97.056	98,829
Heavy Tactical	97.073	25,000
Haz Mat Team Equipment, Exercise, and Training	97.073	75,231
HR Urban Security Initiative FY08	97.073	25,000
Severe Repetitive Loss	97.092	362,016
Fed Emergency Management Agency	97.073	82,473
Total Department of Homeland Security		<b>\$ 2,170,243</b>
Total Federal Financial Assistance		<b>\$ 129,507,172</b>

See accompanying notes to the Schedule of Expenditures of Federal Awards.



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**1. General**

The accompanying Schedule of Expenditures of Federal Awards presents federally assisted programs of the City of Virginia Beach, Virginia and the City's Component Units. The City's reporting entity is disclosed in Note 1A to the City's basic financial statements. Federal awards received directly from federal agencies as well as through other government agencies are included on the schedule.

**2. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1C to the City's basic financial statements.

**3. Relationship to Financial Statements**

Revenues from federal awards are reported in the City's basic financial statements as follows:

General Fund	\$	19,436,950
Capital Projects Fund		14,894,928
Non Major Governmental Funds		30,895,789
Enterprise Funds		1,788,827
Other Component Units (not including Virginia Beach Pass-through \$564,290)		1,325,212
School Board Funds		64,845,309
		<hr/>
Total federal awards reported in basic financial statements	\$	133,187,015

Less: Revenue closed to fund balances from the following:

Virginia Coastal Resources Management Program	11.419	\$	8,217
Community Development Block Grant	14.218		(177,985)
Emergency Shelter Grant	14.231		(15,260)
Home Investment Partnerships Program	14.239		(8,415)
Housing Opportunities for Persons with AIDS	14.241		(2,230)
Supportive Housing Programs -Continuum of Care Bonus Funding	14.267		(16,926)
DEA Police Seized Property	16.XXX		(196,358)
Bulletproof Vest Partnership Program	16.607		8,425
Edward Byrne Memorial Justice Assistance Grant Program	16.738		16,547
Asset Forfeiture Grant	16.XXX		237,000
DMV DUI Education Grants	20.607		(14,072)
DMV Select DUI 15	20.607		(10,592)
DMV Seat Belt Enforcement FY14	20.616		(14,774)
DMV Seat Belt Enforcement FY15	20.616		(15,720)
Urban Construction Initiative/Highway Planning & Construction	20.205		2,250,541
Cape Henry Lighthouse Restoration Phase II	20.205		(57,378)
Early Intervention Program for Infants and Toddlers with Disabilities	84.181		113,248
Block Grants for Community Mental Health Services	93.958		7
Block Grants for Prevention & Treatment of Substance Abuse	93.959		(37)
Social Services Block Grant	93.667		(375,575)
FEMA National US&R Response System	97.025		(50,082)
FEMA USAR Washington Mudslide FY14	97.025		18,013
Port Security Grant Program - Police	97.056		13,291
DHS Transport Hazard Material Training 15	97.042		(6,600)
Port Security	97.056		(98,829)
Heavy Tactical	97.073		(25,000)

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Haz Mat Team Equipment, Exercise, and Training	97.073	\$	41,897
Flood Mitigation Assistance	97.092		46,000
Fed Emergency Management Agency	97.073		10,113
		\$	<u>1,677,466</u>
Less: Revenue not subject to Single Audit:			
General Fund - Federal Reimbursement for Police OT		\$	40,845
General Fund Federal Bond Subsidy			282,610
Water & Sewer EF Federal Bond Subsidy			943,947
Storm Water EF Federal Bond Subsidy			267,309
Debt Service SRF Federal Bond Subsidy			467,666
		\$	<u>2,002,377</u>
Total Federal Expenditures		\$	<u><u>129,507,172</u></u>

**4. Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedule substantially agree with the amounts reported in the related federal financial reports except that certain federal financial reports are prepared on the cash basis of accounting and the Schedule of Expenditures of Federal Awards is prepared on the basis of accounting described in Note 2 above.

**5. Amounts Provided to Subrecipients**

Total amounts provided to subrecipients from the following programs:

Virginia Beach Community Development Corporation:			
Community Development Block Grant	14.218	\$	8,051
Supportive Housing Programs	14.235		495,074
Supportive Services for Veterans Families (SSVF)	64.033		822,087
Total Virginia Beach Community Development Corporation		\$	<u><u>1,325,212</u></u>
Opportunity, Inc. of Hampton Roads:			
Workforce Investment Act Adult Program	17.258	\$	3,102,358
Workforce Investment Act Youth Activities	17.259		1,986,600
Workforce Investment Act Dislocated Workers	17.278		563,340
Greater Peninsula Workforce Development Consortium:			
H1B Technical Skills Grant	17.268		427,348
Northern Virginia Workforce Investment Board			
Workforce Innovation Fund	17.283		689,429
Total Opportunity, Inc. of Hampton Roads		\$	<u><u>6,769,075</u></u>

# **CONTINUING DISCLOSURE**



## Continuing Disclosure

This part of the City of Virginia Beach comprehensive annual financial report presents detailed information with regards to Rule 15c2-12 promulgated by the Securities and Exchange Commission to provide certain annual financial information and material event notices.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PRINCIPAL TAXPAYERS**  
**Fiscal Year Ending June 30, 2015**  
**(Unaudited)**

	<b>Taxpayer</b>	<b>Business Type</b>	<b>Real Property Assessed</b>
1	E. D. & A. F. Ruffin & B. L. Thompson	Apartments/Shopping Center	\$ 400,274,500
2	Armada Hoffler	Office/Retail/Vacant Land	345,303,000
3	Ramon W. Breeden, Jr.	Apartments/Shopping Center	331,408,900
4	Virginia Electric & Power Company	Utility	318,893,632
5	Lynnhaven Mall LLC	Shopping Mall	289,279,000
6	J. M. , R.J.F. , A.D. & L.E. Caplan	Real Estate	243,832,500
7	Pembroke Square Assoc.	Shopping Mall	174,890,400
8	Christian Broadcasting Assoc./Net, Inc.	Broadcasting	148,426,800
9	Verizon Virginia, Inc.	Utility	145,731,123
10	Cheryl P. McLeskey	Real Estate	137,371,800
11	Thomas J. Lyons, Jr.	Hotels	132,055,400
12	Lake Gem	Shopping Center/Fast-Food	118,258,400
13	Watergate Treehouse Associates LP	Shopping Center	113,945,900
14	Aimco Maple Bay & Aimco Reflections LLC	Apartments	100,013,400
15	Westminster Canterbury	Real Estate	97,242,200
16	Potter Properties	Shopping Mall	90,378,700
17	Windsor Lake & Shoreline Apartments LLC.	Apartments/Shopping Center	89,099,400
18	Inland Diversified Virginia Beach Landstown LLC	Shopping Center	79,956,800
19	Wal Mart Real Estate Business Trust	Retail Stores	73,687,200
20	Virginia Natural Gas	Utility	73,635,483
21	Sifen, Michael D.	Real Estate	73,564,800
22	Occidental Development, Ltd.	Apartments	61,767,000
23	Atlantic Shores Cooperative	Apartments	58,658,000
24	BBR/Marina Shores LLC	Shopping Center	48,474,100
25	Jack Rabbit Self Storage	Real Estate	47,111,000
	Total		<u><u>\$ 3,793,259,438</u></u>

Sources: Office of Real Estate Assessor  
Commissioner of the Revenue

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PROPERTY TAX RATES AND CHANGE IN TAX LEVY**  
**Fiscal Years 1996 Through 2015**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Tax Rate on Real Property (1)</b>	<b>Real Property Tax Levy (2)</b>	<b>Percentage Annual Change in Tax Levy</b>
1996	\$ 1.188	\$ 213,069,095	7.77%
1997	1.220	226,859,499	6.47%
1998	1.220	236,751,484	4.36%
1999	1.220	246,389,536	4.07%
2000	1.220	264,436,560	7.32%
2001	1.220	280,963,485	6.25%
2002	1.220	305,058,532	8.58%
2003	1.220	327,953,650	7.51%
2004	1.220	341,740,132	4.20%
2005	1.196	378,178,905	10.66%
2006	1.024	393,544,291	4.06%
2007	0.990	461,816,439	17.35%
2008	0.890	483,635,234	4.72%
2009	0.890	497,742,524	2.92%
2010	0.890	485,659,493	-2.43%
2011	0.890	456,029,698	-6.18%
2012	0.890	443,160,075	-2.82%
2013	0.950	457,057,821	3.14%
2014	0.930	446,015,531	-2.42%
2015	0.930	463,184,807	3.85%

Source: City Department of Finance

(1) Tax rate per \$100 per assessed value.

(2) Calculation of the Real Property Tax Levy begins with the Real Property Assessed Value on Schedule 1-3 and then is adjusted by Supplements, Exonerations, SSD additional levies and other misc. adjustments to arrive at the Tax Levy.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**HISTORICAL ASSESSED VALUE**  
**Fiscal Years 1996 Through 2015**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Real Property Assessed Value (1)</b>	<b>Percentage Change From Prior Year</b>	<b>Personal Property Assessed Value</b>	<b>Percentage Change From Prior Year</b>	<b>Public Service Property Assessed Value (2)</b>	<b>Percentage Change From Prior Year</b>	<b>Total Assessed Value</b>	<b>Percentage Change From Prior Year</b>
1996	\$ 17,569,373,603	2.21%	\$ 1,773,955,263	11.55%	\$ 631,854,212	5.58%	\$ 19,975,183,078	3.08%
1997	18,231,483,508	3.77%	1,848,939,232	4.23%	623,804,522	-1.27%	20,704,227,262	3.65%
1998	19,068,899,073	4.59%	1,975,719,516	6.86%	630,802,210	1.12%	21,675,420,799	4.69%
1999	19,880,386,330	4.26%	2,260,575,622	14.42%	656,859,261	4.13%	22,797,821,213	5.18%
2000	20,997,405,999	5.62%	2,725,158,950	20.55%	677,545,782	3.15%	24,400,110,731	7.03%
2001	22,085,451,417	5.18%	2,870,591,003	5.34%	705,956,994	4.19%	25,661,999,414	5.17%
2002	23,380,509,148	5.86%	2,915,490,499	1.56%	731,786,118	3.66%	27,027,785,765	5.32%
2003	25,949,245,358	10.99%	3,004,538,542	3.05%	753,259,714	2.93%	29,707,043,614	9.91%
2004	27,513,988,726	6.03%	3,252,187,117	8.24%	743,170,991	-1.34%	31,509,346,834	6.07%
2005	31,281,844,464	13.69%	3,369,167,703	3.60%	624,562,746	-15.96%	35,275,574,913	11.95%
2006	38,379,012,758	22.69%	3,710,964,218	10.14%	530,465,288	-15.07%	42,620,442,264	20.82%
2007	46,122,142,394	20.18%	3,787,921,076	2.07%	545,140,581	2.77%	50,455,204,051	18.38%
2008	55,146,390,999	19.57%	4,152,466,483	9.62%	647,905,245	18.85%	59,946,762,727	18.81%
2009	56,766,753,287	2.94%	3,712,297,032	-10.60%	807,890,384	24.69%	61,286,940,703	2.24%
2010	55,379,973,665	-2.44%	3,611,774,884	-2.71%	890,229,132	10.19%	59,881,977,681	-2.29%
2011	51,975,401,446	-6.15%	4,078,095,291	12.91%	927,509,746	4.19%	56,981,006,483	-4.84%
2012	50,508,022,826	-2.82%	4,305,125,900	5.57%	938,693,399	1.21%	55,751,842,125	-2.16%
2013	48,851,994,658	-3.28%	4,249,692,532	-1.29%	929,843,170	-0.94%	54,031,530,360	-3.09%
2014	48,737,614,190	-0.23%	4,334,018,923	1.98%	889,050,800	-4.39%	53,960,683,913	-0.13%
2015	50,577,279,180	3.77%	4,569,833,578	5.44%	875,496,571	-1.52%	56,022,609,329	3.82%

(1) Real Property is assessed at 100% of fair market value.

(2) Includes both real estate and personal property assessment. All public service property is taxed at the real estate tax rate, except for vehicles.

Source: City Department of Finance



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Fiscal Years 1996 through 2015**  
**(Unaudited)**

Fiscal Year	Total Tax Levy (1)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$	280,791,187	\$ 266,155,281	94.8 %	\$ 15,097,887	\$ 281,253,168	100.2 %
1997		297,253,895	282,265,999	95.0	14,874,129	297,140,128	100.0
1998		311,799,732	296,158,994	95.0	15,076,247	311,235,241	99.8
1999		328,444,301	303,646,060	92.4	14,866,315	318,512,375	97.0
2000		367,377,661	342,033,400	93.1	22,482,116	364,515,516	99.2
2001		388,489,478	358,291,746	92.2	20,341,533	378,633,279	97.5
2002		420,060,733	396,051,828	94.3	16,856,675	412,908,503	98.3
2003		445,787,734	420,490,211	94.3	17,638,904	438,129,115	98.3
2004		458,846,761	421,236,325	91.8	18,013,929	439,250,254	95.7
2005		505,050,845	468,796,012	92.8	20,116,692	488,912,704	96.8
2006		531,438,288	483,649,302	91.0	14,022,360	497,671,662	93.6
2007		527,465,143	505,518,196	95.8	17,500,422	523,018,618	99.2
2008		562,044,329	537,526,149	95.6	20,651,442	558,177,591	99.3
2009		570,582,069	547,934,162	96.0	19,418,157	567,352,319	99.4
2010		546,129,490	526,040,648	96.3	16,798,246	542,838,894	99.4
2011		523,586,269	504,769,073	96.4	14,635,023	519,404,096	99.2
2012		522,586,852	501,282,299	95.9	14,944,805	516,227,104	98.8
2013		536,618,666	516,542,429	96.3	14,317,380	530,859,809	98.9
2014		527,036,431	509,339,982	96.6	11,931,862	521,271,844	98.9
2015		558,420,893	537,056,367	96.2	-	537,056,367	96.2

Source: City Department of Finance

Note: Collections in Subsequent Years represents delinquent accounts collected during the course of the fiscal year for all prior fiscal years.

(1) Includes both Real and Personal Property and Public Service. For 2015, the breakdown is as follows:

Real Property tax levy (includes Public Service real property): \$463,184,807

Personal Property tax levy (includes Public Service personal property): \$95,236,086

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PRINCIPAL TAX REVENUES BY SOURCE**  
**Fiscal Years 1996 through 2015**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Real Property Taxes <sup>1</sup></b>	<b>Personal Property Taxes <sup>1</sup></b>	<b>General Sales Tax</b>	<b>Utility Tax</b>	<b>Restaurant Meal Tax</b>	<b>Other Taxes</b>	<b>Total Taxes Assessed</b>
1996	\$ 215,783,669	\$ 66,775,292	\$ 32,808,424	\$ 30,410,466	\$ 19,835,362	\$ 53,613,813	\$ 419,227,026
1997	230,682,146	67,612,923	33,916,147	26,420,839	20,682,238	56,083,447	435,397,740
1998	239,675,849	75,041,794	35,049,804	29,334,345	22,046,548	58,680,182	459,828,522
1999	249,878,165	76,016,201	37,004,115	30,594,776	23,157,204	61,927,958	478,578,419
2000	263,916,207	90,545,837	38,212,293	32,094,368	24,436,808	64,175,064	513,380,577
2001	276,515,023	90,791,185	39,712,323	34,080,325	25,320,531	68,188,931	534,608,318
2002	293,591,325	96,878,086	40,619,190	41,755,840	31,887,442	73,883,628	578,615,511
2003	319,261,524	97,182,499	41,782,279	43,407,182	34,377,007	79,458,536	615,469,027
2004	347,360,112	80,260,731	46,328,049	45,778,363	38,144,787	92,406,133	650,278,175
2005	382,632,555	57,046,694	49,315,425	47,105,890	41,565,553	98,135,551	675,801,668
2006	397,431,699	66,804,132	51,391,606	47,778,078	45,025,727	105,702,298	714,133,540
2007	462,811,968	70,592,576	53,962,203	46,357,954	46,743,465	105,393,161	785,861,327
2008	499,776,925	75,062,192	54,071,427	49,660,261	48,069,618	108,396,618	835,037,041
2009	515,768,880	70,181,027	51,439,533	45,764,804	48,304,462	105,627,818	837,086,524
2010	504,334,961	59,813,526	50,263,545	46,662,622	48,442,376	103,385,929	812,902,959
2011	474,474,648	65,943,535	51,743,905	45,129,301	50,594,181	108,691,603	796,577,173
2012	461,480,333	73,705,379	53,375,318	45,254,169	53,254,313	109,728,241	796,797,753
2013	476,217,120	74,723,035	54,978,531	44,623,292	55,122,465	115,403,784	821,068,227
2014	464,439,667	78,678,322	56,431,418	44,050,182	56,872,794	114,548,325	815,020,708
2015	481,774,192	90,898,635	58,164,569	43,308,157	59,968,375	119,831,673	853,945,601

Source: City Department of Finance

Note: Real and Personal Property Tax Revenues include collections for Current Year and Prior years levies collected within the Current Fiscal Year.

(1) Includes taxes, penalty & interest (\$10 minimum) on delinquent collections from prior years.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TEN LARGEST UTILITY (WATER) CUSTOMERS**  
**Fiscal Year 2015**  
**(Unaudited)**

<b>Customer</b>	<b>Annual Consumption in 1,000 Gallons</b>	<b>Type of Customer</b>
Virginia Beach Correction Center	50,715	City Correction Center
Sentara Virginia Beach General Hospital	39,622	Hospital
Sentara Princess Anne Hospital	34,657	Hospital
S L Nusbaum Realty	28,089	Thalia Garden Apartments
Westminister-Canterbury of Hampton Roads	26,550	Retirement Center
Colony Mobile Home Park	23,647	Mobile Home Park
County View Mobile Ct.	21,260	Mobile Home Park
Bonaventure Property Management	20,697	Real Estate Asset Manager
Atlantic Shores Cooperative Association	19,930	Retirement Community
Occidental Development, Ltd.	19,862	Waterfront Apartments

Source: City Department of Public Utilities

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**OUTSTANDING DEBT BY ISSUE**  
**at June 30, 2015**  
**(Unaudited)**

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2013 Water and Sewer System Revenue Bonds	\$ 43,855,000
2010A Water and Sewer System Revenue Bonds	58,760,000
2010B Water and Sewer System Refunding Revenue Bonds	7,850,000
2010C Water and Sewer System Refunding Revenue Bonds	21,400,000
2005 Water and Sewer System Revenue & Refunding Bonds	53,395,000
2002 Water and Sewer System Revenue Bonds	4,740,000
1998 Taxable Water and Sewer System Revenue Bond *	1,597,744
1997 Taxable Water and Sewer System Revenue Bond *	<u>1,327,772</u>
 Total Water and Sewer Debt Outstanding	 <u><u>\$ 192,925,516</u></u>

Source: City Department of Finance

Note: \* The 1997 and 1998 taxable issues were privately placed with the Commonwealth of Virginia Revolving Loan fund administered by Virginia Resources Authority.

All Water & Sewer Revenue Bonds are Parity Debt issued pursuant to Article VII, Sec. 10(a)(3) of the Constitution of Virginia, secured solely by the Revenues of the system.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER RESOURCE RECOVERY FEES**  
**HISTORY OF RECEIPTS AND DISBURSEMENTS**  
**Fiscal Year 2010 through 2015**  
**(in thousands of dollars)**  
**(Unaudited)**

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	Fiscal Year					
	2010	2011	2012	2013	2014	2015
Balance - July 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees Received	1,990	1,938	3,265	3,905	2,116	3,120
Disbursements	<u>1,990</u>	<u>1,938</u>	<u>3,265</u>	<u>3,905</u>	<u>2,116</u>	<u>3,120</u>
Balance - June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**SYSTEM OPERATING REVENUES, EXPENSES AND COVERAGE**  
**For Fiscal Year Ending June 30**  
**(in thousands of dollars)**  
**(Unaudited)**

	Fiscal Year				
	2011	2012	2013	2014	2015
<b><u>Operating Revenues</u></b>					
Service Charges	\$ 49,941	\$ 56,041	\$ 62,231	\$ 68,226	\$ 74,518
Water Usage	48,666	47,589	46,543	45,881	45,309
Interfund Services Provided	-	-	-	-	1,169
Miscellaneous	953	884	839	1,636	1,187
Total Operating Revenues	<u>\$ 99,560</u>	<u>\$ 104,514</u>	<u>\$ 109,613</u>	<u>\$ 115,743</u>	<u>\$ 122,183</u>
<b><u>Operating Expenses</u></b>					
Water Acquisition	\$ 25,341	\$ 25,353	\$ 25,968	\$ 23,188	\$ 23,771
Water Distribution	8,199	8,282	8,056	7,882	6,780
Sewer Collection	12,367	12,605	13,151	12,658	14,274
Administration and Engineering	15,853	16,469	16,829	18,367	19,157
Customer Services	9,317	9,445	9,830	9,813	10,163
Total Operating Expenses	<u>\$ 71,077</u>	<u>\$ 72,154</u>	<u>\$ 73,834</u>	<u>\$ 71,908</u>	<u>\$ 74,145</u>
<b>Net Operating Income</b>	<u>\$ 28,483</u>	<u>\$ 32,360</u>	<u>\$ 35,779</u>	<u>\$ 43,835</u>	<u>\$ 48,038</u>
<b><u>Non-Operating Revenues/(Expense)</u></b>					
Interest	\$ 643	\$ 524	\$ 457	\$ 405	\$ 493
Water Resource Recovery Fee	1,938	3,265	3,905	2,116	3,120
Connection Fees	679	1,212	1,274	767	1,211
Norfolk Water True-Up	(3,362)	(166)	-	3,257	-
<b>Total Non-Operating Income</b>	<u>\$ (102)</u>	<u>\$ 4,835</u>	<u>\$ 5,636</u>	<u>\$ 6,545</u>	<u>\$ 4,824</u>
<b>Income Available For Debt Service</b>	<u>\$ 28,381</u>	<u>\$ 37,195</u>	<u>\$ 41,415</u>	<u>\$ 50,380</u>	<u>\$ 52,862</u>
<b><u>Annual Debt Service*</u></b>					
Water and Sewer Revenue Bonds	\$ 12,181	\$ 13,969	\$ 13,932	\$ 15,028	\$ 17,175
Total Water and Sewer Debt Service	\$ 12,181	\$ 13,969	\$ 13,932	\$ 15,028	\$ 17,175
<b><u>Coverage of Debt Service on Water and Sewer Revenue Bonds</u></b>	2.33x	2.66x	2.97x	3.35x	3.08x
<b><u>Coverage of Debt Service on All Debt Supported by Water and Sewer Revenues</u></b>	2.33x	2.66x	2.97x	3.35x	3.08x

\* Includes Principal, Interest, and Bank Charges

Source: City Departments of Finance and Public Utilities.

**CITY OF VIRGINIA BEACH**  
**WATER AND SEWER ENTERPRISE FUND**  
**DEBT SERVICE REQUIREMENTS**  
**as of June 30, 2015**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Gross Debt Service</b>	<b>Subsidy</b>	<b>Debt Service Net of Subsidy</b>	<b>Principal Outstanding</b>
2015-16	\$ 9,371,806	\$ 8,644,422	\$ 18,016,228	\$ (948,527)	\$ 17,067,701	\$ 183,553,710
2016-17	9,782,706	8,240,871	18,023,577	(1,017,733)	17,005,844	173,771,004
2017-18	9,145,728	7,827,106	16,972,834	(1,004,495)	15,968,339	164,625,276
2018-19	9,580,276	7,416,984	16,997,260	(976,809)	16,020,451	155,045,000
2019-20	8,910,000	7,012,665	15,922,665	(946,786)	14,975,879	146,135,000
2020-21	9,270,000	6,631,840	15,901,840	(914,831)	14,987,009	136,865,000
2021-22	9,670,000	6,233,037	15,903,037	(881,323)	15,021,714	127,195,000
2022-23	10,125,000	5,793,460	15,918,460	(845,560)	15,072,900	117,070,000
2023-24	10,600,000	5,334,787	15,934,787	(806,512)	15,128,275	106,470,000
2024-25	11,085,000	4,867,419	15,952,419	(763,962)	15,188,457	95,385,000
2025-26	11,645,000	4,337,939	15,982,939	(718,084)	15,264,855	83,740,000
2026-27	9,525,000	3,827,440	13,352,440	(668,665)	12,683,775	74,215,000
2027-28	9,885,000	3,381,872	13,266,872	(615,203)	12,651,669	64,330,000
2028-29	7,885,000	2,961,818	10,846,818	(557,679)	10,289,139	56,445,000
2029-30	8,255,000	2,560,092	10,815,092	(496,087)	10,319,005	48,190,000
2030-31	8,640,000	2,136,919	10,776,919	(430,472)	10,346,447	39,550,000
2031-32	5,720,000	1,775,130	7,495,130	(360,895)	7,134,235	33,830,000
2032-33	5,990,000	1,478,328	7,468,328	(287,430)	7,180,898	27,840,000
2033-34	6,270,000	1,167,337	7,437,337	(210,223)	7,227,114	21,570,000
2034-35	6,570,000	841,390	7,411,390	(129,076)	7,282,314	15,000,000
2035-36	6,880,000	499,672	7,379,672	(43,740)	7,335,932	8,120,000
2036-37	2,600,000	272,800	2,872,800	-	2,872,800	5,520,000
2037-38	2,705,000	166,700	2,871,700	-	2,871,700	2,815,000
2038-39	2,815,000	56,300	2,871,300	-	2,871,300	-
<b>Totals</b>	<b>\$ 192,925,516</b>	<b>\$ 93,466,328</b>	<b>\$ 286,391,844</b>	<b>\$ (13,624,092)</b>	<b>\$ 272,767,752</b>	

\* Fiscal Year 2015/2016 has been adjusted to reflect the 6.8% sequestration in effect.

Source: City Department of Finance

All Water & Sewer Revenue Bonds are Parity Debt issued pursuant to Article VII, Sec. 10(a)(3) of the Constitution of Virginia, secured solely by the Revenues of the system.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**WATER AND SEWER RATE HISTORY**  
**(Unaudited)**

<b>Effective Date of Rate Adjustment</b>	<b>Water Commodity Rate (per 1,000 gallons)</b>	<b>Sanitary Sewer Service Charge Single Family Residence (per month)</b>
July 1, 1991	\$ 2.96	\$ 10.58
July 1, 1992	3.11	11.38
July 1, 1993	3.38	11.38
July 1, 1994	3.65	11.38
July 1, 1999	3.55	11.38
July 1, 2001	3.55	12.29
July 1, 2002	3.55	13.27
July 1, 2003	3.55	14.34
July 1, 2005	3.65	15.92
July 1, 2006	3.70	16.88
July 1, 2007	3.80	17.72
July 1, 2008	3.95	18.61
July 1, 2009	4.10	19.54
July 1, 2010	4.41	19.54
July 1, 2011	4.41	22.12
July 1, 2012	4.41	24.86
July 1, 2013	4.41	27.76
July 1, 2014	4.41	30.81
July 1, 2015	4.41	30.81

Source: City Department of Public Utilities



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TEN LARGEST STORM WATER UTILITY ACCOUNTS**  
**For Billing Period Ending June 30, 2015**  
**(Unaudited)**

Customer	Fees Billed
Lynnhaven Mall Group	\$ 216,086
Stihl, Inc.	163,143
Sentara Virginia Beach Hospital	116,525
Inland Diversified Real Estate	108,233
Eagle Holdings	83,842
Virginia Wesleyan College	82,604
Pembroke Square	72,989
WalMart	70,113
Regent University	59,827
Atlantic Shores	50,132

Source: City Department of Public Works/Storm Water Management

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER UTILITY**  
**DISTRIBUTION BY TYPE OF PROPERTY**  
**As of June 30, 2015**  
**(Unaudited)**

<b>Type of Property</b>	<b>2015</b>
	<b>Percent of Equivalent Residential Units (ERU)</b>
Residential	49.7%
Multi-Family	12.1%
Non-Residential	38.2%

Source: City Department of Public Works/Storm Water Management

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER UTILITY FEE COLLECTIONS**  
**As of June 30, 2015**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Assessed fees</b>	<b>Collected fees *</b>	<b>% Collected</b>
2015	\$ 39,055,783	\$ 38,684,230	99.049%
2014	36,709,700	36,537,711	99.531%
2013	32,006,788	31,852,199	99.517%
2012	27,632,407	27,541,919	99.673%
2011	20,883,989	20,833,505	99.758%
2010	19,285,723	19,251,212	99.821%
2009	17,441,273	17,435,519	99.967%
2008	15,487,064	15,481,310	99.963%
2007	14,657,797	14,652,043	99.961%
2006	13,737,919	13,732,165	99.958%
2005	12,456,762	12,451,008	99.954%
2004	12,519,585	12,513,831	99.954%
2003	11,415,662	11,409,908	99.950%
2002	10,437,774	10,432,020	99.945%
2001	9,467,608	9,461,854	99.939%
2000	9,330,500	9,324,746	99.938%
1999	9,219,518	9,213,764	99.938%
1998	7,909,209	7,903,455	99.927%
1997	6,547,709	6,541,955	99.912%
1996	6,441,521	6,435,767	99.911%

Source: City Department of Public Works/Storm Water Management

\* Represents collections to date. The City anticipates that for each of the recent years collection rates will be consistent with earlier years.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER UTILITY FUND**  
**PRO FORMA CALCULATION OF REVENUE COVENANTS**  
**(Unaudited)**

<b>Revenue Requirement A</b>	<b>Fiscal Year</b>					
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 Budget</b>
Total Revenues:						
System Revenues (including interest income)	\$ 21,234,088	\$ 27,892,419	\$ 32,954,179	\$ 37,150,524	\$ 39,294,658	\$ 39,420,032
Non-Operating Revenues deposited into the Revenue Fund (from the Commonwealth)*	2,656,916	-	-	-	-	-
Total Revenues	\$ 23,891,004	\$ 27,892,419	\$ 32,954,179	\$ 37,150,524	\$ 39,294,658	\$ 39,420,032
Total Expenses:	11,234,614	13,311,162	14,317,957	15,366,723	17,489,866	17,474,367
Revenues Available for Debt Service	\$ 12,656,390	\$ 14,581,257	\$ 18,636,222	\$ 21,783,801	\$ 21,804,792	\$ 21,945,665
Maximum Principal and Interest Requirement on Revenue Bonds (a)	\$ 1,989,070	\$ 1,989,070	\$ 1,989,070	\$ 1,989,070	\$ 3,402,038	\$ 3,912,344 **
Total Maximum Debt Service	\$ 1,989,070	\$ 1,989,070	\$ 1,989,070	\$ 1,989,070	\$ 3,402,038	\$ 3,912,344
Debt Service Coverage Ratio	6.4	7.3	9.4	11.0	6.4	5.6

Source: City Department of Finance

\* The City has no legal obligation to deposit revenues from the Commonwealth into the Revenue Fund.

\*\* Debt Service for the 2016 Budgeted Year is at 115% in accordance with Revenue Requirement A Covenants.

<b>Revenue Requirement B</b>	<b>Fiscal Year</b>					
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 Budget</b>
System Revenues (including interest income)	\$ 21,234,088	\$ 27,892,419	\$ 32,954,179	\$ 37,150,524	\$ 39,294,658	\$ 39,420,032
Less Required Transfers:						
Operating Expenses	\$ 10,479,442	\$ 12,045,293	\$ 12,456,779	\$ 13,576,682	\$ 15,679,180	\$ 11,251,576
Capital Outlay	755,172	1,265,869	1,861,178	1,790,041	1,810,686	6,222,791
Senior Debt:						
Maximum Principal & Interest:						
Requirement on Series 2010A Bonds (a)	1,343,595	1,343,595	1,343,595	1,343,595	1,394,532	1,394,532
Requirement on Series 2010B Bonds	645,475	645,475	645,475	645,475	645,475	645,475
Requirement on Series 2015 Bonds	-	-	-	-	1,362,031	1,362,031
Subordinate Debt Fund (Prior Bonds)	489,014	469,360	322,975	226,457	-	-
Capital Improvement Account (Cash)	5,947,338	10,836,635	14,122,870	13,962,480	9,514,582	8,490,000
Debt Service Reserve Account	-	-	-	-	-	-
Total Transfers	\$ 19,660,036	\$ 26,606,227	\$ 30,752,872	\$ 31,544,730	\$ 30,406,486	\$ 29,366,405
Reconciliation of Expenses to CAFR						
Total Operating Expenses (per CAFR)	\$ 13,226,435	\$ 15,550,163	\$ 16,709,597	\$ 19,477,620	\$ 22,059,299	
Less: Depreciation	(1,991,821)	(2,239,001)	(2,391,640)	(4,110,897)	(4,569,433)	
Appropriations from Retained Earnings	-	-	-	-	-	
Total Expenses (Pro Forma Requirement)	\$ 11,234,614	\$ 13,311,162	\$ 14,317,957	\$ 15,366,723	\$ 17,489,866	

(a) Prior to FY2015 interest is net of 35% Federal Government interest subsidy on Build America Bonds.

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER UTILITY FUND**  
**DEBT SERVICE REQUIREMENTS**  
**as of June 30, 2015**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Subsidy</b>	<b>Total</b>
2015-16	\$ 1,660,000.00	\$ 1,733,570.04	\$ (288,358.88)	\$ 3,105,211.16
2016-17	1,700,000.00	1,692,382.54	(285,843.25)	3,106,539.29
2017-18	1,740,000.00	1,647,562.54	(280,358.75)	3,107,203.79
2018-19	1,795,000.00	1,591,898.79	(273,977.38)	3,112,921.41
2019-20	1,855,000.00	1,524,033.16	(266,663.47)	3,112,369.69
2020-21	1,915,000.00	1,456,698.78	(258,352.07)	3,113,346.71
2021-22	1,980,000.00	1,389,533.15	(249,213.78)	3,120,319.37
2022-23	2,055,000.00	1,320,030.02	(239,353.63)	3,135,676.39
2023-24	2,135,000.00	1,244,380.02	(228,512.38)	3,150,867.64
2024-25	2,230,000.00	1,158,443.14	(216,510.88)	3,171,932.26
2025-26	1,665,000.00	1,077,843.76	(203,638.75)	2,539,205.01
2026-27	1,745,000.00	1,002,196.26	(189,517.13)	2,557,679.13
2027-28	1,815,000.00	926,131.26	(174,076.88)	2,567,054.38
2028-09	1,890,000.00	851,498.76	(157,878.00)	2,583,620.76
2029-30	1,970,000.00	773,543.76	(140,831.25)	2,602,712.51
2030-31	2,050,000.00	692,138.76	(122,892.00)	2,619,246.76
2031-32	2,130,000.00	607,283.76	(104,060.25)	2,633,223.51
2032-33	2,215,000.00	516,581.26	(83,496.88)	2,648,084.38
2033-34	2,310,000.00	419,581.26	(61,070.63)	2,668,510.63
2034-35	2,405,000.00	318,231.26	(37,489.38)	2,685,741.88
2035-36	2,505,000.00	212,393.76	(12,705.00)	2,704,688.76
2036-37	1,220,000.00	140,018.76	-	1,360,018.76
2037-38	1,260,000.00	102,031.26	-	1,362,031.26
2038-39	1,295,000.00	62,109.38	-	1,357,109.38
2039-40	1,340,000.00	20,937.50	-	1,360,937.50
Totals	<u>\$ 46,880,000.00</u>	<u>\$ 22,481,052.94</u>	<u>\$ (3,874,800.62)</u>	<u>\$ 65,486,252.32</u>

\* Fiscal Year 2015/2016 has been adjusted to reflect the 6.8% sequestration in effect.

Source: City Department of Finance

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Virginia Beach has preserved 122 acres of beautiful, undeveloped land at Pleasure House Point on the Lynnhaven River, in partnership with the Chesapeake Bay Foundation and the Trust for Public Land. At that location, the foundation opened the Brock Environmental Center in 2014, one of the greenest buildings in America.



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